

**INSTITUTIONALIZATION OF FAMILY COMPANIES
AND ITS EFFECT ON ORGANIZATIONAL CULTURE:
A COMPARATIVE STUDY**

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ÖZ

AİLE ŞİRKETLERİNDE KURUMSALLAŞMANIN ÖRGÜT KÜLTÜRÜNE ETKİLERİ : KARŞILAŞTIRMALI BİR ÇALIŞMA

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Bu tez çalışmasında aile şirketlerinin kurumsallaşması kavramı kurumsal kuram açısından ele alınmış ve kurumsallaşmanın örgüt kültürü üzerinde etkileri incelenmiştir. Türkiye’de ve dünyada aile şirketlerinin genel toplama oranının oldukça yüksek olması aile şirketleri üzerinde yapılan araştırmaları oldukça artırmıştır. Aile şirketlerini etkileyen ortak çevresel faktörler üzerinde durulmuş ve kurumsal kuram bakış açısıyla değerlendirilmiştir. Bu çalışmada kurumsallaşma kavramı, örgütlerin resmi yapıları ile gayri resmi kurallarını, prosedürlerini, yönetsel geleneklerini ve ortak inançlarını mantıksallaştırılmış mitlere göre sürekli uyarlama ve meşrulaştırma çalışmaları sonucu aşamalı gelişimi olarak ele alınmıştır (Alpay ve diğerleri, 2008). Diğer taraftan örgüt kültürü kavramı ise örgüt üyelerinin içsel ve dışsal uyum problemlerini çözecek derecede geçerli ve hatta yeni örgüt üyelerine bu problemlerin çözümünde yol gösterici nitelikte olan ortak değerler örüntüsü olarak kabul edilmiştir (Schein,

1992, s.12). Kurumsallaşmayı ve örgüt kültürünü ölçümleyerek iki aile şirketinin kurumsallaşma dereceleri ve örgüt kültürleri arasındaki benzerlikler ve farklılıkları ortaya koymak amacıyla nicel yöntemler kullanılmıştır. Sonuç olarak, araştırma yapılan A ve B firmalarının kurumsallaşma dereceleri oldukça yakın çıkmasına rağmen kültürel alt boyutlarında bariz farklar gözlemlenmiş ve sadece “tutarlılık” boyutunda anlamlı bir farklılığa rastlanamamıştır. Regresyon analizleri sonucu A ve B firmalarının farklı kurumsallaşma boyutlarının örgüt kültürlerinin tutarlılık boyutu üzerinde pozitif etkisi olduğu ortaya koyulmuştur. Son olarak, geleceğe yönelik araştırmalar için öneriler sunulmuştur.

Anahtar Kelimeler : Aile Şirketleri, Kurumsallaşma, Örgüt Kültürü.

ABSTRACT

INSTITUTIONALIZATION OF FAMILY COMPANIES AND ITS EFFECT ON ORGANIZATIONAL CULTURE : A COMPARATIVE STUDY

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This study discusses the institutionalization of family businesses with the institutional theory view and examines its effect on organizational culture through a comparative case study. The organizational influences common to the family business from the perspective of institutional theory are examined. Institutionalization is considered as the gradual evolution of organizations through continuous adaptation and legitimizing its formal structures, informal norms, procedures, administrative rituals, and shared beliefs according to “rationalized myths” (Alpay et al, 2008). On the other hand culture is considered as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems “(Schein, 1992, p.12). Quantitative methods are used to measure institutionalization and culture of

purposefully selected family companies to discover the similarity or differences of their institutionalization degree and culture to interpret the effects of institutionalization on their culture. In conclusion, family companies titled as Company A and Company B have approximately the same degree of institutionalization but have different cultures. Consistency is the only cultural trait common to these companies affected by organizational institutionalization degree. Furthermore possible future research topics are represented to examine the effects of culture of family businesses on the institutionalization process.

Keywords : Family Business, Institutionalization, Organizational Culture.

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CHAPTER 1

INTRODUCTION

Family business is a recent and distinguished research area where the family business is a special and unique form of business organization subject to similar forces, constituting an ‘organizational field’, and a recognized area of institutional life (DiMaggio and Powell, 1983, p. 147).

The reason that created awareness about family firms could be their dominance in the world economy. The prevalence of family firms may be seen in the proportion of registered family firms which is between 50 percent to 65 percent in European Union countries, 90 percent in Latin America, and 95 percent in the U.S.A. In addition, family businesses contribute up to 45 percent of GNP of North America, up to 65 percent of the GNP of EU member states, up to 70 percent of GNP in Latin America and up to 82 percent of the GNP of Asia (Pricewaterhouse Coopers Family Business Survey, 2007-2008). Family businesses dominate Turkish Business Life with more than 95 percent of ownership among all firms (Kırım, 2000; Bakan, 2006). So, the prevalence of this type of organizations in comparison to non-family businesses leads scholars to deeply examine their structure, life cycle, values, and culture.

Family businesses tend to be shaped by mimetic, coercive and normative forces like new government policies, economical fluctuations and other organizations to resemble the other units in the environment in order to gain

legitimacy in their institutional environment (Melin and Nordqvist, 2007, p.322-323). This process known as institutionalization and has always been an interest area of organizational studies both practical and academic. However, little research has been conducted to examine the effects of institutionalization processes focused on the family business and their culture.

Institutional theory is not a traditional descriptive approach to examine family business to identify their structure and symbolic aspects. In this study, institutional theory framework is preferred to examine the family business and understand the relationship of interactive forces between overlapping institutions of the family, business, and the ownership as well as considering many external influences (Leaptrott, 2005, p. 215). Additionally, this theory brings a useful insight to this study by focusing on the role of cultural traits, existing behavior and practices in the organizations. Besides institutional theory approach is preferred to point out to misuse of the institutionalization concept in Turkish literature. Institutionalization in Turkey is perceived as management practices to build a company with professional management, to eliminate sole management of the owner and to consider the continuity of the company. However this is not recognized as a process to gain legitimacy in the institutional life, it is considered as a management practice to develop a suitable organization structure. Some descriptions in the literature are irrelevant and dysfunctional to explain or frame the field. In fact, in Turkish the word “institutionalization” refers to corporate governance practices (Ulukan, 2005, p.29). So that, using institutional theory to explain institutionalization of family business may bring a different point of view to the literature.

1.1. Objectives of this Study

This study focuses on three main questions.

- Is the culture of one family firm examined similar to or different from the other?

- Is the institutionalization degree of family companies are similar to or different from each other?
- Does the degree of institutionalization of family businesses affect their organizational culture?

The purpose of this study is to explore the relationship between institutionalization degree of family companies and their organizational culture. In order to analyze this relationship, purposefully selected sample of two family companies in Turkey were examined through a comparative study with quantitative measurement methods. The real names of the companies are concealed to protect the identity of these family businesses. The companies are named as Company A and Company B.

In this study, Astrachan and Shanker (2003) 's definition is preferred which describes family business as a business venture in which family's withholding of voting control over the strategic direction is definite and family members actively participate in day-to-day activities (Sharma, 2004, p.332). Both companies in this study can be described according to this definition. The second selection criteria is the idea of aged and large scaled family companies are considered as institutionalized with a deeply ingrained culture (Ates, 2005; Denison and Mischra, 1995). Thus, these two long-established family companies operating in Turkey mainly in construction sector is preferred to conduct the research. Company A is a joint venture of one of these companies, operating in manufacturing of armored vehicles sector and Company B has a typical family business structure. The aim of selecting these companies is to interpret the cultural similarities or differences of different kinds of family businesses and to explore the effect of institutionalization on their culture through a comparative study.

The main motive of building this comparative study is to compare not only the organizational cultures of two companies but also their degree of organizational institutionalization by using quantitative measurement methods to interpret if there is relationship between institutionalization degree and

organizational cultures of these family companies. Furthermore, importance of using quantitative methods in measuring and comparing organizational culture and institutionalization in different types of family companies is highlighted.

1.2. Research Methods

In this study, organizational culture and institutionalization of Company A and B were measured by two scales. First, Organizational Culture Survey developed by Denison & Mishra (1995), and translated into Turkish by Yahyagil (2004) is used to measure and compare the organizational cultures of Company A and Company B. This questionnaire is preferred to measure organization culture because it is an effective tool to compare the organizational cultures in case studies (Denison & Mishra, 1995). Then employees of the Company A and Company B provided their perceptions of their company's existing culture as measured according to 4 traits, 12 indices with 36 questions answered in Likert scale ranging from "strongly disagree (1)" to "strongly agree (5)".

Afterwards, a scale developed by Alpay *et al.* (2008) to measure institutionalization at the organizational level is conducted with the employees of Company A and B. Perceptions of contributors about the degree of institutionalization of their companies are measured by a questionnaire with 5-point Likert scale ranging from "strongly disagree (1)" to "strongly agree (5)" according to five facets of institutionalization.

The data collected from both companies, evaluated by using SPSS 15.0. Then results are compared to interpret the effects of institutionalization on the organizational culture of these family businesses. Finally findings are presented and suggestions are made for further research.

1.3. Limitations of This Study

The limitations of this study are stated below:

- Location; this study is focused on two family businesses that are both established and located in Ankara.
- The purposeful sampling; selection of only two companies may decrease generalizability of findings. Additionally the case study can result in narrow and idiosyncratic theory as it is based on a specific phenomenon in a specific context that also impedes sometimes generalization (Eisenhardt, 1989).
- The number of respondents is limited due to the suggestion of Denison&Mischra (1995). Denison organizational survey is advised to be conducted to a whole department of a company or to managerial and white collar levels of employees in the organizations. In this study, respondents from managerial positions such as department managers, chiefs, and specialists are selected to conduct the survey.

This study proceeds as follows; in the following part theory framework consists of institutional theory, family business and organizational culture are introduced. In the last part a comparative study on two family businesses in Turkey is stated and findings are presented.

CHAPTER 2

THE ORETICAL FRAMEWORK

2.1. Institutional Theory

Institutions have always been a research interest for both sociology (Hughes, 1936, 1939; Selznick 1949, 1957; Parsons, 1951) and organizational studies (Meyer and Rowan 1977; DiMaggio and Powell 1983, 1991). Institutions are referred as shared rules and typifications that identify categories of social actors and their appropriate activities or relationships (Barley&Tolbert, 1997, p.93-96). King (1994, p.141) suggested that an institution is a social entity that has an influence and regulation power over other social entities and ability to survive in the social order as a consequence of social life. Institutions determine their social behavior by complying with organizational systems of cognitive structures, normative rules and regulatory processes (Scott, 1995, p.4).

In the organizational theory the conditions of rising formal structures are described as the most effective type of organizations to coordinate and control where there is a complex relation network around organizations by Weber (Meyer and Rowan, 1977). Besides the aim of the organizational change is the desire to adjust the external environment in accordance with other organizational responses to institutional pressures (Oliver, 1992). As organizations are considered as open-systems in the organizational theory, they try to adapt the internal and external environment to cope with institutional changes inside and outside to fit and

survive. There are some important contributing theories to the field titled as institutional theory and business-system approach which have both common and diverse aspects with contingency and resource-based theories to explain the adoption of new institutional elements through boundary-spanning organizations in a social environment.

In this study, the institutional theory approach is preferred to explain the phenomena not only for its eligibility to draw a theoretic frame for descriptive models but also for explaining organizational behavior including “the emergence of distinctive forms, processes, strategies, outlooks and competencies as they emerge from patterns of social interaction and adaptation” (Selznick, 1996, p. 271). Institutional theories bring in rich and complex insight to organizations. Unlike traditional theories institutional theory considers the cultural influences on decision making and formal structures. Institutional theory is also useful to explain the deeper and more resilient aspects of social structure suggesting that the processes like rules, norms and routines become legitimized as authoritative guides for social behavior. It explains the emergence of these new elements of social life and the diffusion, adaptation and adoption processes over time as well as how they can become useless and can be obsolete (Scott, 2004, p.4-7).

Institutional theory has inspired from the many years of work and insight of social science scholars like Marx and Weber. It has been inspired by neoclassical theory in economics, positivism in sociology and behavioralism in political science (Scott, 2004). Also Merton and Parsons have seeded the theory. They did not develop a theory of institutions; however they rose to notice the central importance of the theory to sociology as a discipline. Robert Merton (1949; 1968) posited that social structure functions as a constraint on behavior and facilitates or inhibits social action. Talcott Parsons (1990) suggested that a theory of institutions must gather the real action of individuals. He mentioned the importance of positive and negative outcomes and supported these social mechanisms with values. They contributed that a theory of institutions needed to

incorporate agency, conceived as the outcome of choices by individual actors (Broom and Selznick, 1955, p. 257).

2.1.1. Old Institutional Theory

Old institutional theory is focused on ‘the continuous evolution of patterned organizational action to adapt environmental change with institutions value based rituals and formality (Stinchcomb, 1997) which is consistent with contingency theory and resource based theory (Scott, 1987).

Philip Selznick who was a student of Merton's at Columbia and was nominated to be the founder of institutional theory. He described organizational structure as an adaptive vehicle shaped due to the influence of internal and external environment (Selznick, 1957, p.17). Selznick’s article titled Leadership in Administration (1957) is cited as a source of old institutionalism supporting his earlier works of Tennessee Valley Authority and the Grassroots (1949) and the Organizational Weapon (1952). He stated two main ideas in his earlier works that are character and competence. In TVA and the Grassroots he argued that "the most important thing about organizations is that, though they are tools, each nevertheless has a life of its own". He approved that rational view that organizations are designed make profit and tend to be controlled by an external authority, they outstand to a complete control where it is not possible to convince organization members to react automatically to the needs of their employers. Organizations do not act solely based on formal structures. So, this recalcitrance brings the great attention to the machinery part of the organization (Selznick, 1949, p. 10). The character of Tennessee Valley is formed by, responding to external threats, cooptation of local officers and shifted agencies from its main mission of helping farmers. So the organization’s structure adapted based on individual preferences and actions as well as environmental pressures.

In Leadership in Administration (1957) he explained that an “organization” is not equal to an “institution”. When an organization is

institutionalized, it aims to gain a special character or a distinctive competence at least a trained or built-in capacity (Selznick, 1996, p. 271). Institutionalized organizations are valued, natural communities as a result of interaction and adaptation. He defined institutionalization as a process and he argued that values are instilled to organizations that bring intrinsic worth to the structure or process (Scott, 1987, 494). Leader of an institution is supposed to define its mission to protect the distinctive character (Selznick, 1996). However he suggests that leadership is not equal to office administration, rational decision making or high status that is a kind of necessity to meet social requirements. So, an institutional leader is basically “an expert in the promotion and protection of values” and replaceable as the natural processes of institutionalization become eliminated or controlled (Selznick, 1957, p.25-28). His view that leaders need to define and defend organizational distinctive character led to focus on strategic decision-making and creating organizational cultures. (Scott, 1987).

According to Berger and Luckman (1966; p. 54) institutionalization process is related to social order and is an ongoing human production. Social order is based on a shared social reality that is created in social interaction. When there is a reciprocal typification of habitualized actions by certain forms of actors associated with certain class of actors then institutionalization occurs. Both Selznick (1957) and Berger and Luckman (1966) highlighted the importance of ‘the historical approach’. It is not possible to understand the organizations without their historical process. Same types of actions are repeated to construct a shared history in the organizations. This history leads to a shared typifications or generalized expectations of behaviour and gradually brings taken-for-granted status that shapes future interactions and behaviour (Barley and Tolbert, 1997, p.94). Zucker (1977) and Meyer and Rowan (1977) are inspired by the work of Berger and Luckman (1966) and argue that institutions are socially developed forms for action, generated and maintained through ongoing interactions (Barley and Tolbert, 1997, p. 94). The argument suggested by Durkheim (1961), Weber (1968), Luckman and Berger (1967) and Meyer (1977) that social order is formed by social norms and rules creating actors and specifies the way of action they

might take is firstly elaborated and used by Meyer, Scott and a number of scholars to analyze the educational systems, then generalized to all types of organizations (Meyer & Rowan, 1977, 342).

2.1.2. New Institutional Theory

Neo or new institutionalism focuses on the influence of the societal or cultural environment on organizations. New institutionalists like DiMaggio and Powell (1983); Meyer and Rowan (1977); Zucker (1977) argues that beliefs, basic assumptions and expectations emerge in society which determine how institutions should be organized, their usefulness and the selection of actions to be performed (Scott and Meyer, 1994). Institutional practices and structures conform according to institutional environment. Organizations desire to adjust their responses to institutional pressures according to external institutional environment. This conformation brings the ability to obtain scarce resources. New institutionalists contribute great importance to legitimacy and taken-for-grantedness as well as the role played by individual agents and institutional creation. Instead of adaptation, 'isomorphism' is considered. Isomorphism is a constraining process that forces one unit in an organizational field to resemble other units that face the same set of environmental conditions (DiMaggio and Powell, 1983). Isomorphism is a result of an organizational requirement to obtain and maintain legitimacy, the need to deal with uncertainty through commonly used approaches, and the normative influences from authoritative sources.

Meyer and Rowan (1977), Meyer and Scott (1987) considered organizations as rationalized systems. They evaluated organizations as 'institutionally structured entities' and suggested that they comply with the institutionalized expectations of the institutional environment and adopt the rationalized practices and structures in order to gain legitimacy and guarantee the survival. Meyer and Rowan (1977, p. 340-352) has three main suggestions on this field stated in the Iron Cage Revisited article. Firstly, they claimed that "Organizations are driven to incorporate the practices and procedures defined by

prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate procedures.” The adoption of institutionalized elements even though regardless of the current problems of coordination and control of members’ activities leads to isomorphism of organizations and institutional environment. Secondly, they implicated that independent of their productive efficiency, organizations in highly elaborated institutional environments and succeed in becoming isomorphic with these environments gain the legitimacy and resources needed to survive. Organizational success depends on that rather than efficient coordination and control of production activities. It is contradictory with the former thought of efficiency and market oriented formal structures. Finally, the third postulation derived by Meyer and Rowan is the relationship between daily activities and behaviors of organizational members and formal structures may be negligible. They stated that formal organizations are often loosely coupled or decoupled. In real functioning of organizations structure can be omitted because structural elements are only loosely linked to each other and to activities. In a casual organization rules are often violated, decisions are often neglected and unimplemented or implemented with uncertain consequences, technology is dubious on efficiency and evaluation, and inspection systems are rendered vaguely to provide little coordination. This explanation is also contradictory to traditional approach of assuming formal structures as a tight connection between structures and actual behaviors of organizational members in fact it is loosely tight.

DiMaggio and Powell (1983) specified the argument of isomorphism through organizational field which consists of key suppliers, resource and product consumers, agents and other institutional organizations that produce similar products or services (DiMaggio and Powell, 1983, p. 143). They stated two types of isomorphism: competitive isomorphism and institutional isomorphism. Competitive isomorphism arises from market forces and institutional isomorphism arises from competition for political and organizational legitimacy. DiMaggio and

Powell (1983) focused on institutional isomorphism, identifying its three major mechanisms: coercive, mimetic, and normative.

- 1) Coercive isomorphism arises from political influence and related to legitimacy. Coercive influences make organizational procedures and/or structure conform to best practices, arising from the demands of actors on whom the organization is dependent for resources.
- 2) Mimetic isomorphism occurs according to standard responses to uncertainty. DiMaggio and Powell (1983) have selectively emphasized mimesis over other forms of isomorphism and have used measures of mimesis which are confounded with the constructs of coercive and normative isomorphism.
- 3) Normative isomorphism is associated with professionalization which socializes personnel within the organization to view certain types of structure and process as legitimate. Socialization occurs not only through formal education but also through professional associations, trade associations, and professional media.

Old and new institutional theories both contribute for understanding of organizational success and survival while the achievement of legitimacy gained through social acceptance, together with economic optimization of structure and processes (Oliver, 1997).

2.1.3. Institutionalization Processes

Various arguments suggested defining institutionalization process according to the different aspects suggested by old and new institutionalists. As stated above, Selznick (1996, p. 271) describes institutionalization as a transformational process for an organization. When an organization is 'institutionalized' it tends to take on a special character and to achieve a distinctive competence or, perhaps, a trained or built-in incapacity. Institutionalization with value is to infuse with value beyond technical

obligations. Organizational procedures become valued as ends in themselves. However, Scott (1987, p. 495) finds his work definitional rather than explanatory. He claimed that values enter organizations instilling but his definition lacks of explaining how it happens.

Later in his study with Broom, Selznick stated that institutionalization is a neutral concept can be described as “development of orderly, stable, socially integrating forms and structures out of unstable, loosely patterned or technical types of action” (Broom and Selznick, 1955, p. 250).

Berger and Luckmann (1967, p.53) identified institutionalization as a core process in the creation and perpetuation of enduring social groups. They explicated three moments or phases of institutionalization that are externalization, objectification, and internalization. As society is a human product, each moment refers to an actual portraiture of social world. When the organization members and the associates take action it is externalization moment. When the action is separated from organization and members as an external reality it is the moment of objectification. And when the objectivated world is internalized by members and become a subjective conscious structure then that moment is internalization (Scott, 1987, p.495). This conception guided the work of Zucker (1977) and Meyer and Rowan (1977).

According to Hernes (1976), institutionalization is a process through which components of formal structure become widely accepted and serve to legitimate organizations. The process may occur in two ways: (i) initial internal change may take place when the process is progressive and not required and/or (ii) external change may take place later in the process or when the process is required (Tolbert&Zucker, 1983).

Another explanation of the process of institutionalization is the three-step approach which is widely accepted among scholars (Tolbert and Zucker, 1996).

The three steps of institutionalization are habituation, objectification, and sedimentation.

Schutz (1962–1967) described the state of institutionalization process as “habituated action by types of actors” where habituated actions are behaviors that have been developed and adopted by a single or set of actors to solve repeating issues. So when specific organizational responses become commonly associated with particular problem situations, they are habituated. According to Schutz these behaviors are habituated to favor the decision-making process for actors to respond to environmental conditions. Since shared definitions and meanings are related to habituated behavior and typifications made by actors come to a generalization mode that is independent of specific individuals who do the action, Zucker (1977) claims that stage as objectification. Objectification that is considered to be the keystone processes of institutionalization is the development of general, shared social meanings attached to these behaviors, a development that is necessary for the transplantation of actions to contexts beyond their point of origination. Simply, the benefits of an organizational response become widely acknowledged it is called objectification. The last stage called sedimentation results when the response has been almost universally adopted in the organizational field over a significant period of time (Leaptrott, 2005, p.217). Berger and Luckman (1967) suggested an additional aspect of institutionalization for this stage that is approved by Zucker (1977) and termed “exteriority.” They explained it as the degree to which typifications are “experienced as possessing a reality of their own, a reality that confronts the individual as an external and coercive fact”. It is also related to the historical approach (Zucker, 1977) where they transmit to new members who inherit them as “social givens” even though they do not have the information about the origin (Berger and Luckman, 1967). Zucker (1977) also stated that when the degree of objectification and exteriority of an action rises, the degree of institutionalization rises accordingly. That means if the institutionalization is high, transmission, maintenance over time and resistance to change of an action is also high.

Scott (1987) defines an institution as a combination of regulative, cognitive and normative influences and activities that provide stability and meaning to social behavior. Regulative influences focus on making and enforcing rules, normative influences focus on collective moral understandings, and cognitive influences focus on shared typifications and understandings of social reality so deeply ingrained that they take on a taken for granted status. Scott also states that regulative institutional influences constrain and regularize behavior including rule-setting, monitoring, and sanctioning activities. Scott further states that regulative processes involve the capacity to establish rules, inspect or review others conformity, and as necessary, manipulate sanctions—rewards or punishments—in an attempt to influence future behavior.

In Turkish literature, institutionalization has a meaning that differentiates from original institutional theory. Organizations are encouraged to institutionalize to cope with uncertainty and growth issues. Fundamental organizational practices and general principles are accepted as methods towards institutional transformation. Akin definitions exist in Turkish literature and those blur the meaning of institutionalization. Pazarcık (2004; p. 36) described institutionalization as ‘becoming a system’. According to Karpuzoglu (2004, p.72) institutionalization is a process of detaching the company operations, procedures from one’s (founder or owner company) control. Institutionalization process enables family businesses to observe the environmental changes and adapt their internal system, organizational structure and build a unique organizational culture, greeting style, working procedures in order to display a distinguishing identity among other companies. As instilling with value, legitimization and taken for grantedness are key points of institutional theory, institutionalization process meant in Turkish literature is very outlandish. Institutionalization always carries a positive meaning in Turkish. However, in original institutional theory, repetition of the behavior, action, etc. makes it legitimized so that consequences of the legitimized behavior or action in the institution could be negative or illegal like bribe, cheating or lying. Institutionalization in Turkey is perceived as management practices to build a company with professional management and procedures and

to consider the continuity of the company. In fact, In Turkish the word “institutionalization” refers to corporate governance practices (Ulukan, 2005).

In summary, organizations and their members compose a network of values, norms, rules, beliefs and taken-for-granted assumptions and institutional theory emphasizes these cultural influences on decision making and formal structures. These cultural elements define the way of how things usually are in an organization. They structure the forms and procedures for a specific type of an organization which should adopt them to become comparatively advantageous among others. Obviously family businesses aware of their cultural strength should use it as a powerful weapon to gain comparative advantage among their environmental institutions by adopting innovative forms and structures.

2.2. The Family Business

Family firms dominate the economic landscape of most countries and play a crucial role in the global economy. The prevalence of family firms may be seen in the proportion of registered family firms which is between 50 percent to 65 percent in European Union countries, 90 percent in Latin America, and 95 percent in the U.S.A. In addition, family businesses contribute up to 45 percent of GNP of North America, up to 65 percent of the GNP of EU member states, up to 70 percent of GNP in Latin America and up to 82 percent of the GNP of Asia (Pricewaterhouse Coopers Family Business Survey, 2007-2008). Family businesses dominate Turkish Business Life with more than 95 percent of ownership among all firms (Kırım, 2000; Bakan, 2006). The rising interest and attention to these kinds of organizations led some scholars direct their research to family business field. Recent researchers has been through three general directions: bounding multiple operational definitions of family firms (e.g., Astrachan & Shanker, 2003; Heck & Stafford, 2001; Westhead & Cowling, 1998); developing scales to introduce diverse kinds of family involvement (Astrachan, Klein, & Smyrnios, 2002); and development of family firm typologies (Sharma, 2004, p.4).

Main interest of family business researchers are: Are family firms really different from others? And why do they deserve special research attention? (Sharma, 2004, p.3). Researchers, scholars and the practitioners tend to find a clear definition to reach reliable results. However this is a challenging task to constitute a clear definition of family business.

As stated above, claiming an obvious definition of a family business is hard task due to the wide range and heterogeneity of the field. According to Desman& Brush (1991) there are ample definitions of family business in the literature and equivocal definitions exist. Handler (1989) stated two dimensions used to classify the various definitions in the family business literature (i) the pattern of ownership and management and (ii) the degree of family involvement. Some definitions which concern these two dimensions are following. Lansberg, Perrow and Rogolsky (1988) highlighted the legal control rights of family members over ownership. Donnelly (1964, p.94) exposes that an organization can be described as a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family. This definition obligates at least two generations of family involvement and the management style in the control of the owner family. Barnes&Hershon (1976, p.106) describes a family business as a business where 'the controlling ownership is rested in the hands of an individual (the founder) or of the members of a single family'. This definition claims that the family business is a family owned and managed businesses and the degree of involvement of family members is at least one and can be more unlike Davis & Taguiri (1985) described family business as a business in which two or more extended family members influence the direction of the business. According to Babicky (1987, p. 25) family business is the kind of small business started by one or a few individuals who had an idea, worked hard to develop it, and achieved usually with limited capital, growth while maintaining majority ownership of the enterprise. Handler (1989) claimed that family business is an organization whose major operating decisions and plans for leadership

succession are influenced by family members serving in management or on the board (Sharma, 2004).

Dreux (1990, p. 226) stated that family business is an economic enterprise that is controlled by one or more families where control is the degree of the influence in organizational governance sufficient to substantially influence or compel action. Welsch (1993, p.40) explained that family business is a different type of organization in which ownership is concentrated, and the owners or relatives of owners are involved in the management process.

However some definitions cannot be evaluated among these criteria. For instance, Beckhard and Dyer (1983) defined a family business as a system which contains the business, the family and the founder as separate entities and which has the linking organizations as the board of directors.

Astrachan and Shanker (2003) claimed three operational definitions of family firms. The drastic definition is related to family's withholding of voting control over the strategic direction of a firm. The secondary definition is about family's direct participation to day-to-day operations. Lastly, the strictest one defines firms as family firms only if the family retains of voting control of the business and multiple generations of family members are involved in the day-to-day operations of the firm (Sharma, 2004, p. 4).

In Turkey, Özalp (1971) who is one of the oldest family business researchers in Turkey suggested that a business is a family business when at least one of the owning family members affording family expenses is in charge of the company. However, Koçel (2001) suggested that there is no universal definition of family business. Involvement of the owner family in the business decisions is the main criteria to name a business as a family business. Gunver (2002) defined a family business if at least two offspring's of the owner family carry on the company ownership. Family business is where the owner family's interests and purposes are reflected to the management decisions and strategy. According to

Alayoğlu (2003), a family business is a profit-making organization established by individuals who are related with kinship and aiming to produce goods and services. Karpuzoğlu (2004) extraordinarily described family business as an organization that intends to keep the inheritance for the family. Ada (2004) defined a family business as where vision is shared among by the members or relatives of thee members of the owner family and these family members have the voting control of management decisions. According to Genc (2004) kinship is the main criteria to describe a family business. Family businesses are enterprises that company associates are cognates. Fındıkcıoğlu (2005) claimed that family business refers a kind of a business venture established by a family who has control over management and actively participate in the company.

Among a number of operational and conceptual definitions of family business there are some consensus points on the definitions that are the important role of the family on control mechanisms, vision, and culture of the business and creation of unique resources and capabilities to capture comparative advantage. Astrachan and Shanker (2003)'s definition of which business where the family retains of voting control of the business and family members are involved in the day-to-day operations of the firm considered in this thesis to describe the family business.

Although there is no agreed upon definition in the literature of family business, there are some enlightening definitions to describe the heterogeneous field. Though classifying the definitions to divide the field into small homogeneous parts could be useful to understand the family business better.

Defining the common features of family businesses that obviously varies in terms of size, structure, industry, management style, etc. is another way to constitute a clear definition. According to Danco (1980) the involvement of the family in a business is differentiating and unique feature of family businesses. Contributing to that Astrachan (2003), Dyer (2003), Habbershon, Williams and MacMillan (2003), Roof and Heck (2003) and Zahra (2003) also suggested that

the reciprocal impact of family on business distinguishes the field of family business studies from others (Sharma, 2004). An of mark way of describing and differentiating family business is three circle model Gersick et al.(1997), Taugiri and Davis (1992), Ward (1987) characterized the family business category by overlapping circles of the ownership, the business and the family.

Gersick et al. (1997) suggested that the family business is an extraordinary special form of organization this brings both negative and positive consequences. However this uniqueness does not always bring taken for granted status. Evaluation, exploration, and justification on time basis using different methodologies and theories is needed to adapt and improve.

Scott (1995) stated that institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. According to that definition these circles can be determined as separate institutions that are overlapped and affecting each other based on certain values, norms, and interests. The influence of family on other circles on decision making, practices, and processes of a firm makes family businesses distinctive among others (Melin and Nordqvist, 2007, p. 322).

Another differentiating point is the founder's anchoring role in a family business. Schein (1983) explained that organizational leaders have obvious impact on culture, values, and performance of their firms during and beyond their tenure. Compared to non-family executives founders' and family leaders' tenure have been observed to be longer. Mcconaughey (2002) introduced that 17.3 years of the tenure of family leaders which is three times longer than 6.43 years of tenure of non-family managers among a sample of publicly traded American firms (Sharma, 2004).

2.2.1. Classification of Family Business

Due to definitional ambiguity, the need for classifying family businesses into homogeneous categories raised. The struggle in defining the boundaries and source of distinctiveness, Handler (1989) stated heterogeneity to categorize family firms under the previous definitions where scholars question the homogeneity of these firms (Sharma, 2002). Two configurations are used to classify the field: the degree of involvement and the pattern of ownership and management. Entrepreneurial mode is where entrepreneur is the only member who is common to the family and the business. Although unrelated partnership mode and extended unrelated family mode are also stated, modes of family involvement that are entrepreneurial, co-preneurial, related partnership, nuclear family and extended related family are considered by most authors who made definitions of family business. The pattern of ownership-management has two classes: family managed and not owned, and family owned and not managed.

2.2.2. Family Business in Turkey

The surveillance of long-established family firms in Turkey is rare. Life cycle of family firms established in Turkey is generally limited with the founder's life time. Also there are not any Turkish family firm captured the multinational scale.

Today, the oldest family company in Turkey is Cağaoğlu Turkish Bath that was established in 1741. Large scaled firms in Turkey are 60–70 years old. Family firms older than 100 years are generally remained small scaled. Family firms in Turkey older than 200 years are scarce. Cağaoğlu Turkish Bath (1741), Ali Muhittin Hacı Bekir (1777), and Çukurova Food Company (1783). Some examples of firms older than 100 years are Vefa Bozacısı (1876), Hacı Şakir (1987), Komili (1878), Pera Palas (1888), and Teksima Textile (1893). Eczacıbaşı, Enka, Boyner and Doğuş are the examples of Turkish family

companies at the second generational stage (Ates, 2005). Some of long established family companies in Turkey are illustrated in Table1.

Table1. Long Established Family Companies in Turkey.

Company	Founder	Date of Establishment	Number of Generations Involved in Business
Hacı Bekir Lokum and Candy	Hacı Bekir	1777	
Vefa Bozacısı	Hacı Sadık	1870	4
Cogenler Helva	Rasih Efendi	1883	4
Hacı Abdullah	Abdullah Efendi	1888	
Teksima Textile	H. Mehmet Botsalı	1893	4
Koska Helva	Hacı Emin Bey	1907	4
Konyalı Restaurant	Ahmet Doyuran	1897	3
Abdi Ibrahim		1912	
Kamil Koc Travel	Kamil Koc	1923	3
Mustafa Nevzat		1923	
Eyup Sabri Tuncer Cologne	Eyup Sabri Tuncer	1923	3
Doluca Wine	Nihat A.Kutman	1926	3
Tatko	Alp Yalman	1926	3
Koc Holding	Vehbi Koc	1926	3
Kent Food Corporation	Abdullah Tahincioglu	1927	3
Nurus	Nurettin Kunurkaya	1927	3
Kafkas Chestnut Candy	Ali Sakir Tatveren	1930	2
Uzel Machinery	İbrahim Uzel	1940	2
Nuh Cement, Emintas Construction	Nuh Mehmet Baldoktu	1942	3
Eczacibasi	Nejat Eczacibasi	1942	2
Tikvesli	Dogan Vardarli	1943	
Ulker	Sabri Ulker	1944	2
Sabancı Holding	Haci Omer Sabanci	1946	3
Yeni Karamursel Store Chain	Nuri Guven	1950	3
İstikbal	Mustafa Sami Boydak	1957	2

Karpuzoğlu, E. (2004), Aile Şirketlerinin Sürekliliğinde Kurumsallaşma, Bildiri, 1. Aile İşletmeleri Kongresi, Kongre Kitabı, İstanbul Kültür Üniversitesi yayını, İstanbul, 17-18 Nisan 2004, 2, 42-53.

2.2.3. Advantages and Disadvantages of Family Business

Family companies have advantages and disadvantages according to influences like their governance structure, the unique characteristics and culture and involvement of the family in the business. These advantages and disadvantages are summarized in the Table 2.

Table.2 Advantages and disadvantages of Family Businesses.

Advantages	Disadvantages
<i>Long Term Orientation</i>	<i>Less Access To Capital Markets May Curtail Growth</i>
<i>Greater Independence Of Action</i>	<i>Confusing Organization</i>
<ul style="list-style-type: none"> • Less Or No Pressure From Stock Market • Less Or No Take Over Risk 	<ul style="list-style-type: none"> • Messy Structure • No Clear Vision Of Tasks
<i>Family Culture As A Source Of Pride</i>	<i>Nepotism</i>
<ul style="list-style-type: none"> • Stability • Strong Identification/ Commitment/ Motivation 	<ul style="list-style-type: none"> • Tolerance Of Unskilled Members As Managers • Inequitable Reward System
<ul style="list-style-type: none"> • Continuity In Leadership 	<ul style="list-style-type: none"> • Greater Difficulties In Recruiting Professional Management
<i>Greater Resilience In Hard Times</i>	<i>Spoiled Kid Syndrome</i>
<ul style="list-style-type: none"> • Willing To Track Back Profits 	<i>Internecine Conflict</i>
Less Bureaucratic and Impersonal	<ul style="list-style-type: none"> • Family Disputes Overflow Into Business
<ul style="list-style-type: none"> • Greater Flexibility • Quicker Decision Making 	<i>Paternalistic/Autocratic Rule</i>
<i>Financial Benefits</i>	<ul style="list-style-type: none"> • Secrecy • Attraction Of Dependent Personalities
<ul style="list-style-type: none"> • Possibility Of Great Success 	
Knowing The Business	Financial Strain
<ul style="list-style-type: none"> • Early Training For Family Members 	<ul style="list-style-type: none"> • Family Members Milking The Business • Disequilibrium Between Contribution And Compensation
	<i>Succession Drama</i>

Kets de Vries, The Dynamics Of Family Controlled Firms: The Good News And The Bad News, *Organizational dynamics*, 1993; 21: 69.

2.2.4. Institutional Theory View of the Family Business

Family business is a special form of business organization and a recognized area of institutional life (DiMaggio and Powell, 1983). The use of institution theory in this study aims to highlight the organizational forces affecting the family business from a descriptive perspective.

In the family business context institutional theory is functional in order to explain the interactive forces between overlapping institutions of family, business and the ownership. Also use of this theory brings an insight to differences and similarities of family and business institutions (Leaptrott, 2005). Another distinguishing feature of institutional theory that generates insight in this study is its focus on the role of cultural understandings as determinants of behavior and on the normative bounds of rational decision making (Tolbert and Zucker, 1994). As Deacon (1996) suggested that institutional theory view of organizational influences affecting the family business is different from others due to the duality of roles of family members. Being members of both family and business at the same time, family members face role conflicts in the two different hierarchies of business and the family.

Using institutional theory to examine family business that serve as descriptive tools in identifying both structural and symbolic aspects is not a common study. In his extensive study of using principles derived from institutional theory to examine the family business, Leaptrott (2005) stated a broader view that includes the consideration of many other entities that are outside the family business but exert institutional forces on it as well as explanations for differences and similarities in family and business structures. Institutional Theory-based dimensions of family business are summarized below in the Table 3.

Table3. Institutional Theory-based dimensions of Family Business.

Old Institutional Theory Dimensions

<i>Kertzer-1991</i>
Number of family members involved
Number of family members in management positions
Relationship of family members

<i>Scott-1987</i>
Resource flows to and from family members

New Institutional Theory Dimensions

<i>Scott-1995</i>
Normative isomorphism
Regulatory isomorphism
Cognitive isomorphism

Leaptrot, J. (2005). The Institutional Theory View of Family Businesses. Family Business Review, vol. XVIII, no. 3, September 2005 © Family Firm Institute, Inc.
p. 215.

- **Old Institutional Theory View of the Family Business**

While the theoretic framework of old institutionalism considers the structure and environmental adaptation, the use of this theory is eligible for the examination of structure and institutional responses to environmental pressures. However the field of family business is rather homogenous as a result of structural variations. Though family is an organization that has an identifiable structure, Kertzer (1991, p. 156) described different types of family combinations. Family and households are practically diverse aspects. A household is known as people living under the same roof and share in common consumptions. Family is described with close kinship and with several variations. For example, a nuclear

family is composed of a married couple and their children staying in a household. A complex family is which people in kinship beyond the nuclear family residing in a household.

Besides, Kertzer suggested two alternative descriptions of complex families which are stem family and joint family. Stem family is composed of family and spouse in the parental household and joint family is composed of family and more spouses into the parental household. In the alternative version there is extended family that a household where kin beyond the nuclear family reside and multiple family two or more nuclear families reside. However, family businesses commonly include family members do not share a single household. This illustrates the complexity of the family structure can be observed in a family business. So, there is a need for a structural definition for family businesses to identify the relationship. Structural configuration of a family business can affect performance under various conditions and family business should adapt to better descriptive models. Adoption of structural element in response to environmental changes highlights “institutionalized” elements (Leaptrot, 2005, p.218).

Leaptrot (2005, p.218) proposed that according to old institution theory *“the family business involvement of nonnuclear family members will be positively related to the amount of capital, technical expertise, and information resource requirements of the business.”* “The features of the task environment of the family business could affect the structure of the family business. For instance, small scaled family companies need less capital, technology and human capital so, unlikely to survive in a complex environment with high technology that requires large amounts of capital and technical expertise. However a large scaled family company with a complex family structure and individuals who are not kin.

Old institutional theory perspective to family business is eligible for explaining structural variations as a response to environmental pressures. Besides it considers the affect of family affiliation, the relationship between family

business structure and environment that contribute insights that are enlightening for family business research (Leaptrot, 2005, p. 219).

- **New Institutional Theory View of the Family Business**

Neo-institutional approach to family business is defined via regulative, normative, and cognitive pillars of social interaction. The regulative environment forces like government affect the structure, policies, and procedures of family companies as well as the behavior of third employees by coercing them to be convenient with relevant laws and regulations. Also family companies evolve to establish fair human resources practices and financial policies or choose to adapt a particular legal structure and disuse of another to avoid the negative impact of sanctions. Governance structure is the senior regulatory structure within the family business which includes the structure of the ownership of decision making and the voting control over business. The degree of formality in family business governance structure varies and may vary depending on the degree of involvement of non family members. For instance, delegation of the decision rights by the family to a professional manager, regulations of family authority and liabilities may lead an internal procedure to regulate the authority or prepare a family law.

Hirsh (1997, p.1710) referred the normative influences as a “logic of appropriateness,” that defines appropriate behavior for group of organizational members. Normative influence is caused by values and norms in an organization that legitimize objectives as a response to environment and spread out to others who adopt them in a quest for legitimacy (Scott, 1995). Both internal and external pillars may cause normative isomorphism. Social Networks, industry, professional associations like FBN, KOSGEB, unions are some sources of normative forces affecting family business. From an internal view especially nuclear family members who share a common social process and biological specifications are used to have norms and values (Collins et al., 2000) generating a normative standard for family business. Family members both do or do not have an active

participation in the business holding shares may influence over new family members in the daily operations with codes of conduct or throne them for the management. Family members who have a dual role as a family member and a business professional in family companies are subject to normative influence from both sides (Scott, 1995).

Biggart & Hamilton (1987) stated that when a family member enters the family business gains a business-related role combined with the family member role involving many years the family history and interaction with other members. On the other hand the role may come with a pre occupied position and expectation of a task accomplishment of filling that role. Another normative influence is suggested as self-selection process (DiMaggio & Powell, 1983). Family executives tend to select employees with the same point of view to family attributes, norms and values. Family companies are prone to the self-selection of family members who have consistent values and norms and this facilitates the normative isomorphism.

The cognitive isomorphic pillars of the organization are shared symbols of the environment (Scott, 1995) that facilitate organization wide emulation to cope with uncertainty (DiMaggio & Powell, 1983). As DiMaggio and Powell point out, the ecological selection process reduces the number of firms that can serve as models for imitation, thereby creating an isomorphic cognitive environment of diminishing sources of mimicry for the family business (Leaptrot, 2005, p. 222).

Both old and new institutionalism contributes useful points of view to examine family businesses. Old institutionalism examines structural change due to environmental pressures. And new institutionalism focuses on the symbolic and observable nature of organizations.

2.2.5. Institutionalization of Family Businesses

The diverse characteristics of owner families are primary aspects that cause variability and institutionalization among organizations within the same institutional environment. Scott (1992) and Selznick (1957) suggested that family characteristics play a dominant role in the institutionalization process of family business. Owners of the family business tend to stabilize the organization by initiating and protecting the mission as well as structuring the strategic decisions which leads to adaptation and institutionalization. Thus, beliefs, values and general characteristics of the founder family and their relationship provide a primary guidance for a history-dependent adaptation, in the adoption of legitimized structure from environment structure (Alpay, et al., 2008, p. 438).

2.2.6. Measuring Institutionalization

In literature, examining and interpreting the consequences of institutionalization rather than measuring it at firm level is generally found (i.e. Zucker, 1987). Standardized measure variables with a certain research methodology to measure institutionalization are not available in institutional theory. Davis and Powell (1992), Scott and Meyer (1994) and others suggested various techniques, like case analysis, cross-sectional regression, longitudinal models, etc (Tolbert and Zucker, 1994). As organizations tend to adopt institutionalized practices in order to gain legitimacy, measuring the level of institutionalization based on the compulsion of the influence of rationalized myths is an alternative method. In this study institutionalization is considered as the gradual evolution of organizations through continuous adaptation and legitimizing its formal structures, informal norms, procedures, administrative rituals, and shared beliefs according to “rationalized myths” (Alpay, et al. ; 2008, p. 436-438). Alpay et al. (2008) constructed a scale to measure the degree of institutionalization at the organizational level according to the relevant literature and in-depth interviews with practicing managers, academics, and consultants indicate that five facets of the institutionalization. Five facets of

institutionalization are: objectivity, transparency, fairness, formalization and professionalism.

- 1) *Objectivity*: Organizational rules and processes depends on nonparty aspects rather than personal feelings, interpretations, or prejudice,
- 2) *Transparency*: Organizational practices and principles are clearly manifested and obviously interpretable,
- 3) *Fairness*: practices being free from bias, dishonesty and prejudice,
- 4) *Formalization*: observance of proper procedures stated as formal rules, and
- 5) *Professionalism*: organization wide adherence to universal ethics and quality standards.

They spawned 65 items referring to the five dimensions of institutionalization in the administrative procedures and formal/informal processes according to their research on many firms. Afterwards they reduced the scale to 30 items with an average inter-judge reliability of 0.90. Items for all measures and their reliability values are illustrated in Appendix B. The questionnaire is generated in 5-point Likert scale from strongly disagree (1) to strongly agree (5).

In this study this scale is preferred to compare the degree of institutionalization of selected family companies due to convenience of these five facets with the cultural traits of Denison Culture Survey.

2.2.7. Institutionalization and Organizational Culture

Organizational culture is originated in 1949's by Selznick as an independent variable plays an important role in the way of attributes and behavior of the members of an organization as he explained the process as institutionalization. Institutionalization produces common understandings among members about approved meaningful behavior. When an organization is

institutionalized common modes of acceptable behavior is self-evident to its members like organizational culture do (Robbins, 2003, p.524).

Zucker (1977, p.727), suggested that institutionalization directly affect the cultural persistence. He found an adequate explanation of cultural persistence in the ethno methodological approach to institutionalization, which brings a new insight role of institutions on cultural persistence by dealing with highly institutionalized actions. Three experiments were conducted to examine these aspects of cultural persistence. Three levels of institutionalization were created in the auto kinetic situation to permit examination of the effects of institutionalization on three aspects of cultural persistence: generational uniformity of cultural understandings, maintenance of these understandings, and resistance of these understandings to change. Strong support was found for the predictions that the greater the degree of institutionalization, the greater the generational uniformity, maintenance, and resistance to change of cultural understandings.

2.3. The Organizational Culture

The consideration of organizational culture is a recent idea. Organizations are assumed to be rational structures in which people are coordinated and controlled with hierarchical levels, departments, authority, etc. Now organizational theorists acknowledge the personality of the organizations by recognizing the importance role of culture plays in organizations.

There have been plenty of definitions of organizational culture. Reichers and Scheneider (1990) classified the definitions into two groups which are cultures is something an organization is and something an organization has. The second one is generally accepted among scholars leading Schein (1992), Killman (1985), Hofstede (2000) (Yahyagil, 2006, p. 79). Many definitions of culture give primacy to the cognitive components, such as assumptions, beliefs, and values. Others expand the concept to include behaviors and artifacts, leading to a

common distinction between the visual and the embedded levels of organizational culture (Kotter and Heskett, 1992). Elridge and Crombie (1974) stated that the culture of an organization refers to the unique configuration of norms, values, beliefs, ways of behaving and so on that characterize the manner in which groups and individuals combine to get something done. The recognition of the idea of organizations have personalities and unique characteristics was greatly contributed by Hofstede (1980) and Peters and Waterman (1982). Hofstede believed that culture is intangible and informal asset impacting all the employees including top managers and is manifested in symbols, heroes, rituals, and values that distinguish members of an organization from the other (Berg and Wilderom, 2004, p.572). According to Swarz and Davis (1981), culture is a pattern of beliefs and expectations shared by the organization's members. They produce norms that powerfully shape the behavior of individuals and groups in the organization. Scholz (1987) described culture as the implicit, invisible, intrinsic and informal consciousness of the organization which guides the behavior of the individuals and shapes itself out of their behavior.

Schein (1985), one of the leading scholars in this area, suggested that organizational culture is built of three artifacts from outer to inner; the visible artifacts, values and basic assumptions which illustrate the core and most important aspect of organizational culture. He described the culture as “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems “(Schein, 1992, p.12). His well known model describing the levels of culture and their interaction illustrated in the figure.

One of mark organization culture model belongs to Hofstede which manifests culture from shallow to deep. Consider these elements shown as circles from outer to inner part. The outer shell consists of symbols. Below the symbols

there lies heroes and rituals are just under heroes. These three elements appear as practices. The inner part is composed of values.

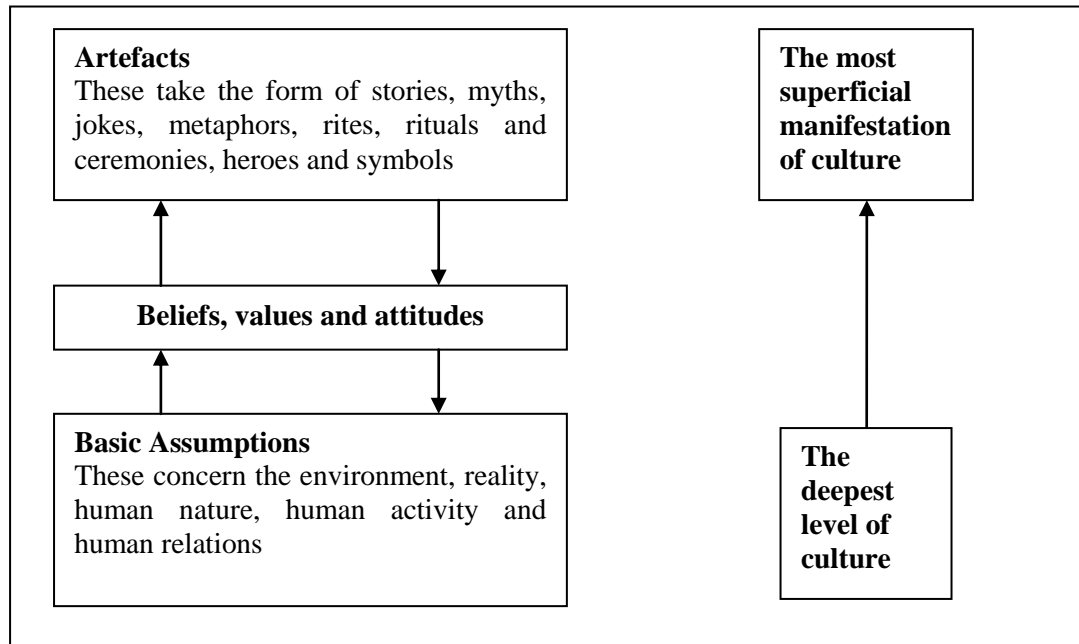


Figure1. Levels of Culture and Their Interaction.

Schein, E. H. (1985). *Organizational culture and leadership: A dynamic view*. San Francisco, CA: Jossey-Bass. Stafford, K., Duncan, K. A., Dane, S., & Winter, M. (1999).

2.3.1. Measuring and Comparing Organizational Culture

Organizational culture studies have used various types of organizational culture research tools. However organizational culture is still not easy to define, conceptualize, and measure. Also it is an uneasy task to find common aspects among definitions. Schein (1990, 1996a), Wilkins and Dyer (1988), Trice and Beyer (1993) suggested that qualitative methods are unique to deeply understand the culture. However the qualitative methods like observation, interview survey,

etc. are complex, costly and needs time to build as well as it is easy to generalize the results of these kinds of studies (Danisman and Ozgen, 2003, p.96). Quantitative methods enable researchers to measure and compare organizational culture. The main aim of developing comparative organization culture questionnaires is to focus on the degree of organizational members' shared perception on certain cultural aspects (Berg and Wilderom, 2004, p.573). Some of important quantitative organizational culture research tools are represented in the Table 4.

Table4. Some of Important Quantitative Organizational Culture Research Tools.

Author (S)	Harrison (1975)	Allen Ve Dyer (1980)	Kliman And Saxton (1983)	Glaser (1983)	Wallach (1983)	Hofstede & Others (1990)	Denison & Miscra (1995)
Name	-	Norms Diagnostic Index	Culture-Gap Survey	Corporate Culture Survey	Organizational Culture Index	-	
Focused Cultural Factor	Organizational Ideology	Behavior Norms	Behavior Norms	Organizational Values	Values And Beliefs	Traditions, Values, Heroes, Symbols	Basic Values
Data Collecting Method	Standard Survey	Structured Survey	Structured Survey	Structured Survey	Structured Survey	Interview Based Survey	Case Study And Survey
Used Format	Typology/ Classification	Profile/ Likert	Profile One-To One Comparison	Typology/ Likert	Profile/ Likert	Profile/ Likert	Typology/ Likert
Profiles	Power Culture	Providing Performance	Technical Oriented/ Human Oriented	Values	Bureaucratic	Process/ Result Orientation	Involvement
	Role Culture	Job Participation	Long Term/ Short Term	Heroes	Supportive	Person/ Job Orientation	Consistency
	Mission Culture	Coaching	Sub Scales	Traditions	Innovative	Narrow-Minded/ Professionalism	Mission
	Individualistic Culture	Leader-Follower Interaction	Task Support	Cultural Network		Open/ Closed System	Adaptability
		Policies And Procedures	Task Development			Loose/ Tight Control	
	Confrontation	Social Relations			Normative/ Pragmatic		
	Supportive Climate	Personal Freedom					

Danıřman, A., Özgen, H. (2003). Örgüt Kültürü Çalışmalarında Yöntem Tartışması: Niteliksel-Niceliksel Yöntem İkileminde Niceliksel Ölçümler Ve Bir Ölçek Önerisi, *Yönetim Arařtırmaları Dergisi*, Cilt 3, Sayı 2, Sayfa 107-108.

The culture focus of this study is to handle organizational culture as the perception of cultural traits and indices by organizational members. By this definition we can position organizational culture as a perceived concept rather than an organizational phenomenon which is similar to organizational climate. Organizational climate is the perception of organizational members about organizational practices and procedures (Denison, 1996, p. 622). Denison (1996) suggested that both culture and climate studies can be researched using quantitative methods on the contrary of the general opinion of using qualitative methods for organizational culture research (Berg and Wilderom, 2004, p. 572).

Denison & Mishra (1995) developed a survey test the relationship between organizational culture and company performance. In order to test the theory, they conducted the survey in more than 3,000 organizations and to more than 100,000 respondents over 15 years (Denison & Mishra, 1995, p.65) and due to the results they developed the Denison Culture Model. focus and flexibility versus stability criteria. Organizations scored higher in two of these traits generally share certain orientations and outcomes.

The advantage of the model is its eligibility to compare among organizations by generalizing the organizational culture by modeling typologies rather than emphasizing the uniqueness. Data collected from different levels of management on their perceptions of their organization culture and was evaluated according to a two-dimensional model with internal versus external

Survey questionnaire is developed to measure organizational culture by four cultural traits: adaptability, mission, consistency, and involvement and each of these traits consist of three indices as shown in Figure 2.

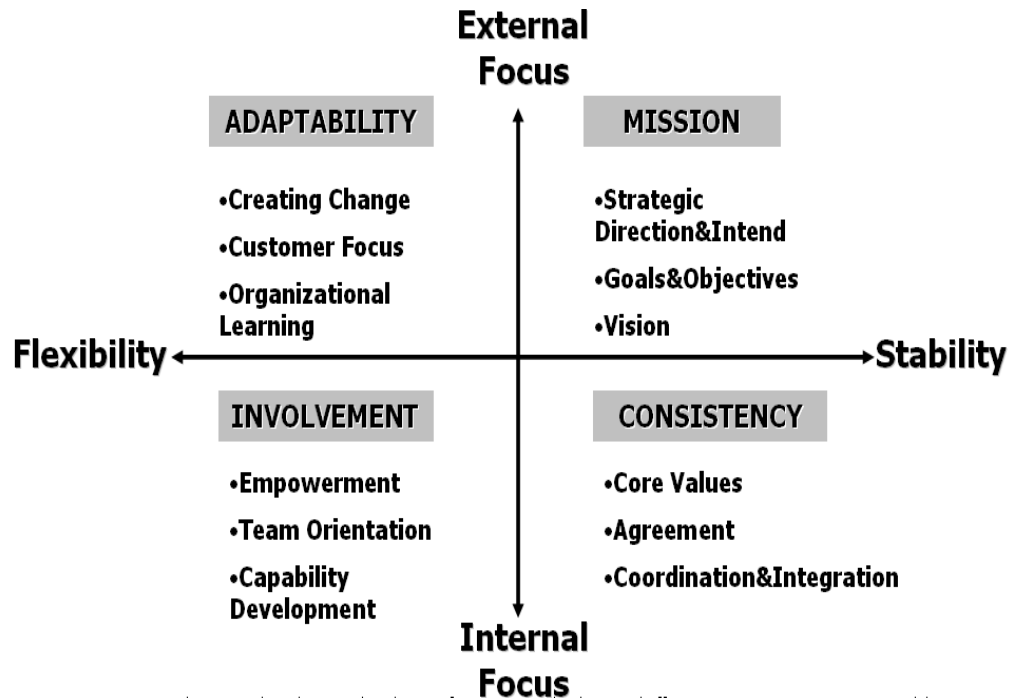


Figure2. Dimensions of the Denison Organizational Culture Model.

Adapted From Denison, D. R., & Mishra, A. K. (1995). Toward A Theory Of Organizational Culture And Effectiveness. *Organization Science*, 6(2), P. 65.

Denison’s research proved that effective organizations have high culture scores in all four traits. Effective organizations tend to be a high scorer in adaptability while highly consistent and predictable, and members of this organization tend to have high involvement with a shared sense of mission.

Organizations with a strong external orientation are focused on reacting and adapting to change in the external environment which is consistent with both old and new institutional theory. Organizations focus on the dynamics of the internal integration of systems, structures, and processes is strongly oriented to internal processes while valuing their members and prides itself on the quality of its products or services. A strong internal focus has been linked to higher levels of quality, fewer defects and less rework, good resource utilization, and high employee satisfaction.

Flexibility (Adaptability + Involvement): A flexible organization has the capability to change in response to the environment. Its focus is on the marketplace and its people. A flexible organization is typically linked to higher levels of product and service innovation, creativity, and a fast response to the changing needs of customers and employees.

Stability (Mission + Consistency): A stable organization has the capacity to remain focused and predictable over time. A stable organization is typically linked to high return on assets, investments and sales, as well as strong business operations.

Adaptability is an idea related to Schein's (1992, p.217) attribution to the culture as a pattern of shared basic assumptions that the group learned it as the way of external adaptation and internal integration and a tool for new members as a guide to perceive, think, and feel in relation to solve adaptation and integration problems. Adaptability is measured by the three indices: creating change, customer focus, and organizational learning. Mission is the shared sense of purpose, direction, and strategy of a company that coordinates its members through common goals and measured by the strategic direction and intent, goals and objectives, and vision sub dimensions. Consistency defines the conjugate view to goal achievement and problem resolution that can be measured by: core values, agreement, and coordination and integration. Involvement trait explains the sense of responsibility, ownership, organizational commitment, and loyalty that is measured by empowerment, team orientation, and capability development indices Denison&Mischra (1995, p.65).

In this study, Denison Organizational Culture Survey is used because the traits to measure organizational culture may be convenient institutional theory and facets of organizational institutionalization. Besides it is an effective tool to compare the organizational cultures in case studies (Denison & Mishra, 1995).

The Turkish version of Denison Culture Survey was translated by Yahyagil (2004) and diminished to 36 items designed as 5 point Likert type instrument. The results of the analyses confirm that Turkish version of the questionnaire is both a valid and a reliable device. The instrument has a reliability coefficient value of 0.89, and the analyses indicate content, construct, and in certain extent, concurrent validity (Yahyagil, 2004).

2.3.2. Organizational Culture of Family Businesses

Organizational culture generally emerges with the founder or the early leader of the organization who brings ideas, a vision, a philosophy and a strategy that has a huge impact on the organization members. As these ideas leads the success they began to institutionalize and organizational culture emerges.

In the context of family business the organizational culture has a greater concern. Due to the dominance of the founder, values and owner motivations are powerful cultural drivers during all life cycle of a family business. The role of the founder is crucial to develop the family firm's core beliefs, identity, and purpose. The founder's vision is a glorious and underexploited asset of a family firm. Continuously adapting and living the founder's vision and retaining a connectedness to the past are the greatest strength of family firms (Denison, Lief and Ward, 2004, p. 63).

Schein (1985) contributed to the field that the founder's values and belief system is an anchor for organizational culture. As the interaction of the organization to the external environment arises the culture incorporates new learning overtime. Barney (1986) described the founder as the imperfect embodiment of organizational culture. If the opinions and values they state are contradictory, these are rejected in the firms they establish. When this cultural uniqueness is understood and nurtured, can be one of a corporation's greatest advantages. Hall, Melin, and Norqvist (2001) explained that culture of family businesses may be stronger because family members often disseminate the

founder's values by taking active and long-term roles in management. Family leaders are powerful figures within an organization according to their legitimacy from two sources: their position in firm management and their position in the family. Jaffe (1988) highlighted the importance of the shared history and identity of family by saying "The personal history of a family business is very special, because it is the story of a family and its way of making its mark in the world."

Dyer (1986) classified family business culture into four main cultural types: paternalistic, laissez-faire, participative, and professional and based on seven categories of assumptions of how organizations view self, society, and the world. Dyer (2003) also stated that family priorities that make family firms different may affect the business strategy and management that may lead altruism and influence the opinion of stakeholders. Many companies promote for new and better governmental and managerial practices but the real differentiating source of the behavior of family companies is their deeply penetrated sense of history and morality.

Family companies illustrate a shared rich history and adapt to survive long after the personality of an organization composes a unique character after founder-as-leader stage has passed. However many family companies did not discover the importance of organizational culture as a source of competitive advantage. Furthermore, some family companies prefer to hide their institutional character as a family business to prevent speculations about nepotism. However being a family business is a powerful weapon to present company identity. When recognized and managed the rich history, values, and core beliefs of a family business can bring organizational cohesion and success for the future (Denison, Lief and Ward, 2004, p. 63–66).

There are significant works to distinguish the businesses unique organizational culture of family business. Denison, Lief and Ward (2004, p.67), believed that sustainability and accomplishment of the family businesses depend on something deeper, something beyond superficial explanation. The aim of their

study was too deeply analyze family business culture and performance relative to non-family firms. They compared the data from 20 family businesses and 389 non-family businesses. The results of family businesses scored higher on all 12 dimensions of the assessment tool so the results illustrated that family firms perform better because of who they are. In addition, recent research that shows they also perform better because of what they do strategically. Their inheritance and shared identities offer time-tested core values and standards of behavior that lead to success.

Stinnett (1983 to 1986) led a research project worked with over 3000 families in the U.S. and further 20 countries. The research concluded with the main characteristics of strong families which are appreciation, spend time together, commitment, communication, high level of religious orientation and ability to resolve crisis positively. The first dimension is commitment which comprises with 'commitment and spend time together' of the Stinnett. Some authors like Ward and Aranoff (1991), Poza (1995), Gallo (1995) also stated the importance of organizational commitment in family firms. Allen and Meyer (1990) explained three distinct types of commitment which are affective (or attitudinal), calculative (or continuance) and normative. Affective commitment is the identification and emotional attachment to the organization. Continuance commitment is based on the members' recognition the costs of leaving the organization. Lastly normative recognition is a sense of loyalty to an organization and the belief in the importance of the organizational commitment. These three aspects of organizational culture keynote "identification", "involvement", and "loyalty" which comply with the importance of a strong family business culture. The second dimension is the harmony which is compatible the 'appreciation', 'spend time together' and 'communication'. The sub dimensions are participation, working environment / atmosphere and trust. The third dimension is the long term orientation that is related to the qualities 'ability to solve crises positively and 'high level of religious orientation'. Danco (1975) and Gallo (1977) explained that family businesses tend to orient their activities to long term unlike non-family businesses. In accordance to this orientation terms of reinvestment of the profits,

level of indebtedness and risk aversion are the keynotes of this dimension. The last dimension is customer service which is one of the key elements in the competitive strategy of the firms. Also transformational leadership in family firms considered as the driving wheel of change in the transmission of the owning family's values. Furthermore it is posited that there is greater group cohesion in family firms, as a consequence of the greater degree of identification provoked by the transformational leadership exercised (Vallejo, 2007, p. 262-266).

Vallejo (2007) used Stinnett's research to find how organizational culture of family firms differs from non-family firms. He aimed to determine which values of the owning family make the culture different. He illustrated four dimensions and sub dimensions including the variables described above. In conclusion nine of the variables of family firm culture –involvement, identification, loyalty, working atmosphere, trust, participation, reinvestment, leadership and cohesion have been found statistically different from non-family firms' culture. These results are conforming and proving the findings of authors such as Gallo (1993, 1995) and Dyer (1986) (Vallejo, 2007, p.271).

According to Karpuzoglu (2002, p.20), existing norms of family penetrate to family business and deeply affect the culture. Family's values and beliefs determine the way of doing business, procedures, and methods. Besides family members who share the same cultural background lead the diffusion of these values and beliefs through the company. Tuzcu (2002, p.6) stated that the family type intimacy is also encouraged among employees is an advantage that helps to develop a deeply ingrained strong culture in family businesses (Vural and Sohodol, 2004, p. 329).

In conclusion, as the importance of organizational culture is recognized and used to develop strategies by the managers of a family firm it can be a powerful weapon of competition. Family companies should analyze the network structure of both family and the company to gain a benefit in terms of higher efficiency and effectiveness. Firstly, the family characteristics imposing a positive

impact on the organization culture should be determined and encouraged to deeply disseminate among employees and generations. Besides others family characteristics affecting the company culture negatively should be stated and solutions to these problems should be discussed (Vural and Sohodol, 2004, 330-332).

In times of change looking inward is crucial. At this point strong organization culture of a family business could be a unique strength for a family firm which can be transformed to a comparative advantage to survive and develop (Denison, Lief and Ward, 2004; Dyer, 2003).

CHAPTER 3

A COMPARATIVE STUDY

This comparative study begins with the historical background of the firms, characteristics of the family business, type of the family business association, the degree of the active participation of family members to managerial processes and decisions, etc. The purpose is to explore the effect of institutionalization degree of family companies on their organizational culture. In order to analyze this, purposefully selected sample of two family companies in Turkey were examined through a comparative case study with quantitative measurement methods. The real names of the companies are concealed to protect the identity of these family businesses. The companies are named as Company A and Company B. In the conclusion findings are presented and suggestions for future research are made.

3.1. General Information

3.1.1. Company A

Company A is a leading manufacturer and supplier of armored combat vehicles and weapon systems for the Turkish Armed Forces and Allied Armed Forces which is a Turkish based joint venture company between a well known Group of Companies in Ankara and an American Company.

The founder family, had dealt until recently with trading. Later, they started to emphasize construction business, and furthermore getting more focused on contracting business. Their father did commercial tailoring, haberdashery and contracting work. After he passed away, his children carried on his line of business and developed it further on. Established on January 17, 1966 as an equal partnership. In 1981 another partner joined the group. As a result, a holding has made it until today as a partnership of equally owned shares by the three brothers. of Group of Companies, through its half a century of business experience today it has become a success story discussed in many countries of the world with its over 30 establishments, participations and affiliated partnerships in several sectors ranging from trade to defense industry, from construction to machinery and manufacturing, from tourism to finance.

Construction group has Machines Park and field of activities expanding into three continents covering the Russian Federation and the Turkish Republics; from the Gulf countries to Northern Africa and from Georgia to Bulgaria enjoys the status of being a world company. Machinery has been manufacturing high quality products made by its most up-to-date manufacturing technology in the fields of defense and security for over 30 years. Steel with its 12,000 tons of production capacity takes its rightful place among the leading Turkish companies in the sector. Technology focuses on nanotechnology and its applications at its fully automated modern manufacturing facilities in order to cater to the needs of defense industry, aviation, energy, medicine, automotive products, textile, metallurgy and chemicals.

Their vision is “with commitment to traditions and being open to new things and developments to carry over to future generations the sound structure formed by kneading it with the principles proven by the work experience we gained during the 40 years in our country and in several places around the world, and based on the power we get from the society and our employees to produce goods and services in the best possible manner.”

Their principles are;

- To obtain the highest value by improving our products and services permanently while keeping abreast of contemporary developments.
- To be honest, consistent and trustworthy.
- To provide for the Company objectives to be in harmony with the development of the country and the society.

Company A has an extensive production line consists of a universal family of tracked and wheeled Armored Combat Vehicles and Combat Utility Vehicles. Their product line consist of a full range of Tracked Armored Combat Vehicles.

Their mission is developing, designing and supporting land based systems for their international customers. Their vision is to be a leading supplier for land systems, with its unique and innovative designs throughout the international defense market. Based on the experience gained in the development and production of vehicles, they developed vehicles which provide higher internal usable volume and payload. Products offer the latest developments in high value vehicle performance while maintaining commonality with the ACV family of vehicles. Also their capability is the development and production of turrets and weapon stations. Besides manufacturing new vehicles, they also upgrade and modernized vehicles including improvements to survivability and lethality.

Company A has developed a new generation of Wheeled Armored Combat Vehicles with special emphasis on Mobility, Protection, Payload and Growth Potential. The vehicles employ the latest design and technologies from the commercial automotive industries which have been militarized to meet the performance and durability of modern military operational requirements.

They have the capability to meet the specific configuration requirements of its customers by incorporating variety of weapon stations and mission systems tailored to meet their operational requirements.

Caring to its modern production facilities, expertise and comprehensive quality assurance system, the company is able to offer high quality products and integrated logistics support services to its customers.

They state that they are committed to becoming their customers' most valued supplier by understanding their needs and expectations and providing quality products and services that meet or exceed their requirements.

The involvement of the family members in Company A in day-to-day activities is scarce. There is only one family member positioned as the Purchasing and Spare Part Manager who is a nephew to partners of the company. The only family member actively working is positioned as an executive. However excluded from board of directors. He stated that there is an unwritten code for recruitment. Daughter-in-laws and son-in-laws can neither be recruited nor have shares.

The voting control of family over strategic direction is obvious. The board of directors is composed of nine members. One of partners is Board of the Chairman and other partners are Board of the Vice Chairmans of the group of companies and there are two more family members in the board. Organizational chart of Company A is illustrated in the Figure 4 below.

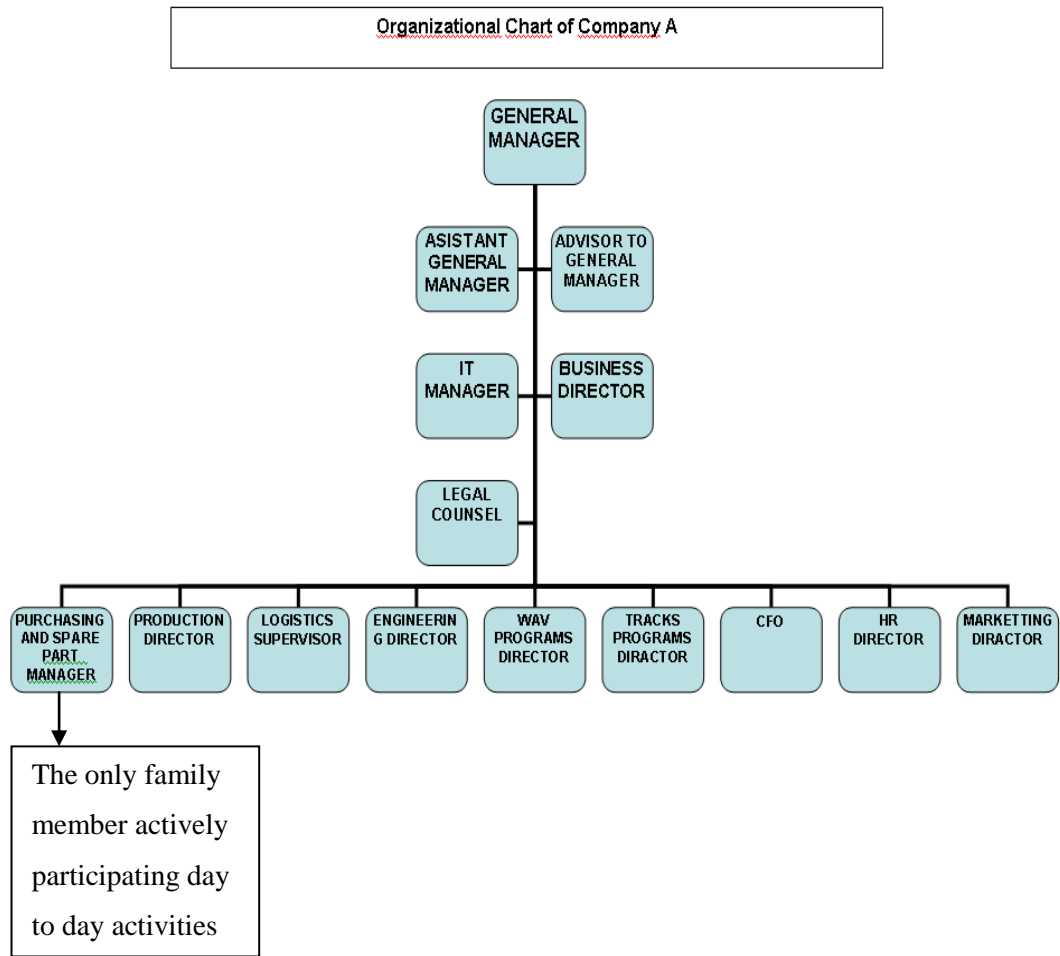


Figure3. Organization Chart-Company A.

3.1.2. Company B

Company B was founded in 1967 and it has almost 40 years of experience in the implementation of major civil engineering projects. The first project carried out by Company B in Turkey went back to the beginning of the sixties. In four decades, Company B gained a high level of reputation among distinguished organizations of civil engineering sector in Turkey through its dedication to quality and self-discipline. Today, Company B is operational in almost every discipline of construction sector.

Company B completed wide range of projects of mainly military and industrial nature, highways as well as airbases in late sixties and seventies.

In the beginning of the 1980's, they started working overseas by undertaking the construction of several facilities in Libya. It was not only the beginning of overseas projects that have been continuing for 20 years, but also the contribution to Turkey's globalization efforts. In the second half of 1980s, Company B had completed many housing, building, and infrastructure, military and industrial projects in Turkey and abroad. At the end of the eighties, as Turkey moved from roads to modern motorways, the company also transformed itself to Motorways Contractor. During 1990s, Company B completed very complicated high-tech military projects. Three of them are underground war operation centers, protected against nuclear, biological, chemical attacks, with electromagnetic pulse protection. Other military projects are aircraft shelters, ammunition depots, physical protection of air bases, POL facilities, maintenance and test shops for jet fighters, radio link transmitter and receiver facilities.

Company B completed several industrial projects in the last 20 years. Some of them are constructions of wastewater treatment plant, a microwave electronic factory, a tractor factory, an electronic factory, furniture factory and tire factory in Libya.

Through all these wide range of projects, Company B has gained not only a justified respect in its sector but also a strong belief and self confidence to construct more throughout the world. This belief is also documented in Quality Statement with its ISO 9001:2000 Quality Standards, ISO 14001 Environmental Management System and OHSAS18001 Worker's Health and Labor Safety Management System.

Their vision is to seek to evolve into an efficient (reliable, qualified, and preferred) company in the globe, while sustaining the leading position in the Turkish market place.

Their mission is as the guarantee of their dedication and persistence on the path toward the excellence in the construction industry;

- To develop a reliable, and high quality production approach by supporting high technologies and qualified human resources.
- To answer the customer expectations at the highest level, through the continuous improvement and development in the processes of management and production.
- To become “the most-wanted company to work” of high qualified employees in the construction industry.
- To implement Total Quality Management philosophy with all suppliers.
- To initiate the continuous institutionalization efforts, as a family business.
- To fulfill all obligations against the government and the community.
- To ensure the satisfaction of all stakeholders through the implementation of above approaches.

Company B takes into consideration:

- Total quality approach in all aspects of the jobs,
- The basic principles of engineering, namely "safety, technique, economy, aesthetics, and functionality".
- The sensitivity to environment and society.
- The mutual benefits of its customers, employees, shareholders, suppliers, society.
- To provide the customer satisfaction through performing the all requirements of contract.
- To comply with the laws, regulations, and rules of the related parts.
- To put into practice the environmental sensitivity for the prevention of pollution.
- To assure continuous improvement in all the system that we work on.

- To align the financial sources, technologies, and human resources, with our strategic goal.
- To form an organization that learns, develops, and shares continuously through effective training programs.
- To assure the continuous development through the participation of all employees at all levels.

Core Values & Principles Statement

1. Honesty, Accountability, Responsibility
2. Leadership
3. Innovation, Creativity, and Ready to Change
4. Efficiency and Effectiveness
5. Focus on Quality and Outcomes
6. Transparency
7. Customer and Employee Satisfaction
8. Teamwork
9. Corporate Social Responsibility

Company B is completely family owned and managed. The voting control of family over strategic direction is obvious. The board of directors consists of one partner, two daughters of the founder and spouse of a daughter who are the only family members in the company. Management style is paternalistic and not participative so that this brings conflict between the first and second generation executives. Organizational chart of Company B is illustrated in the Figure 5.

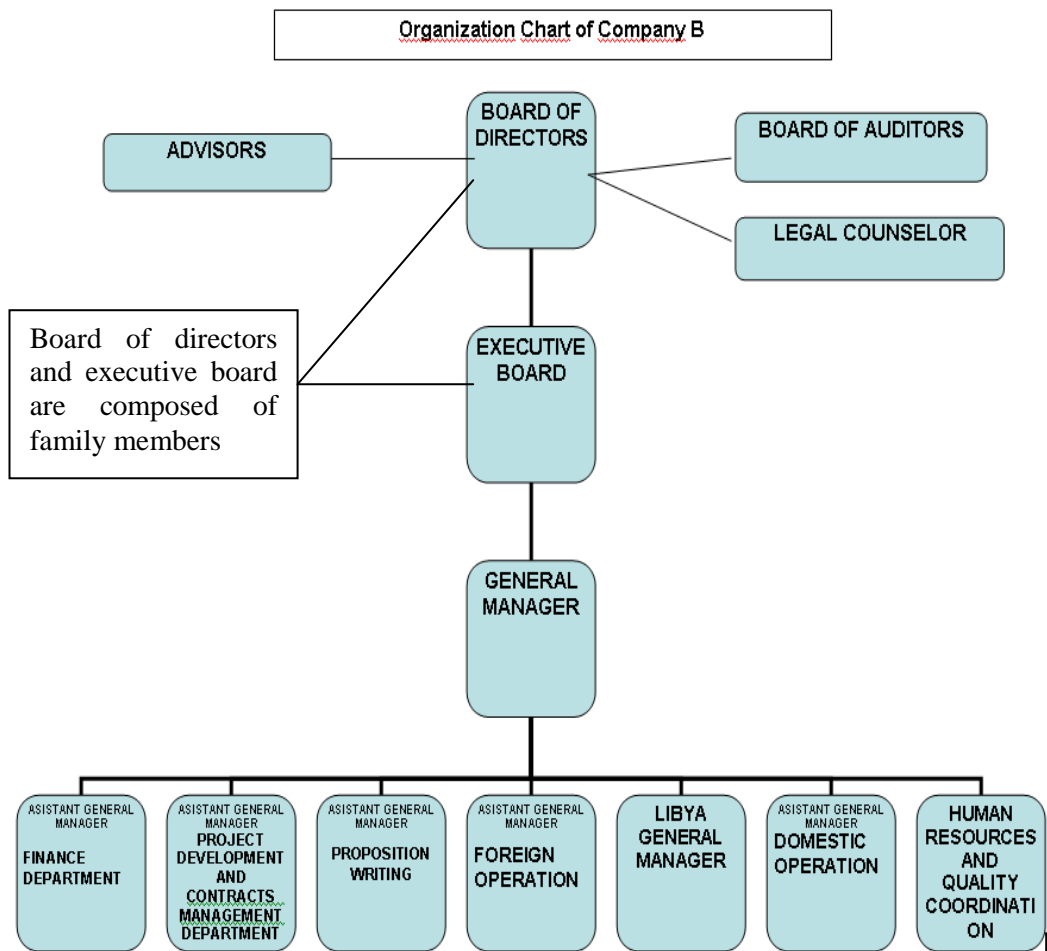


Figure4. Organization Chart-Company B.

3.1.3. Purpose of the Research

The aim of the this study is to compare not only the organizational cultures of two companies but also their degree of organizational institutionalization with quantitative methods to explore if there is relationship between institutionalization degree and organizational cultures of these family companies.

3.1.4. Research Hypothesis

H₀=There is no statistically significant difference between cultural traits of the Company A and Company B.

H₁=There is statistically significant difference between cultural traits of the Company A and Company B.

H₂= There is no statistically significant difference between the organizational institutionalization degrees of the Company A and Company B.

H₃= There is statistically significant difference between the organizational institutionalization degrees of the Company A and Company B.

H₄= Institutionalization affects the organizational culture of Company A.

H₅= Institutionalization do not affect the organizational culture of Company A.

H₆= Institutionalization affects the organizational culture of Company B.

H₇= Institutionalization do not affect the organizational culture of Company B.

3.1.5. Research Methods and Data Collecting

In this study, quantitative measurement tools are used to measure organizational culture and institutionalization. Firstly two questionnaires were conducted to measure organizational culture and institutionalization both answered in Likert scale. Organizational Culture Survey developed by Denison & Mishra (1995), and translated into Turkish by Yahyagil (2004) is used to measure and compare the organizational cultures of Company A and Company B. The reason of using this survey in this study is its eligibility to reconcile with institutional theory and facets of organizational institutionalization. Besides it is an effective tool to compare the organizational cultures in case studies (Denison & Mishra, 1995). Employees of the Company A and Company B provided their perceptions of their company's existing culture as measured according to 4 traits, 12 indices with 36 questions answered in Likert scale ranging from "strongly disagree (1)" to "strongly agree (5)".

A scale developed by Alpay et al. (2008) to measure institutionalization at the organizational level is conducted within the employees of Company A and B with the aim of measuring institutionalization at the organizational level. Perceptions of contributors about the degree of institutionalization of their companies are measured with 5-point Likert scale ranging from “strongly disagree (1)” to “strongly agree (5)” according to five facets of institutionalization.

3.1.6. Purposeful Sampling

A purposive sampling method is used to select the cases and respondents. The initial selection criteria for companies for this comparative study is being a *Family Business* defined as one of the Astrachan and Shanker (2003) claimed three operational definitions of family firms below:

“The drastic definition is related to family’s withholding of voting control over the strategic direction of a firm. The secondary definition is about family’s direct participation to day-to-day operations. Lastly, the most strict one defines firms are family firms only if the family retains of voting control of the business and multiple generations of family members are involved in the day-to-day operations of the firm (Sharma, 2004, p. 4).” The secondary criteria the idea of aged and large scaled family companies are considered as institutionalized with a deeply ingrained culture (Ates, 2005, Denison and Mischra, 1995).

Besides the choice of the respondents is fundamental as the selection of appropriate population will generate controlling extraneous variations and draw the limits of generalizing the results (Eisenhardt, 1989). As a result, two long-established family companies facilitating in Turkey mainly in construction sector is preferred to conduct the research. However Company A is a joint venture of one of these companies facilitating in manufacturing of armored vehicles sector. The aim of selecting this company is to interpret the cultural differences of different kinds of family businesses and to find the relationship between their culture and institutionalization. 60 surveys are given to employees each company

at the middle and executive management levels and in total 79 surveys are answered and returned. 72 surveys are analyzed and 7 surveys are eliminated due to missing values and internal inconsistency.

3.1.7. Data Analysis

Data gathered from Denison Organizational Culture Survey and institutionalization scale are analyzed by using SPSS 15.0. Firstly descriptive statistics to observe the means of standard deviations of the cultural traits and institutionalization facets are presented. Secondly, independent variable t tests are conducted to organizational culture traits of Company A and Company B to interpret if there is a statistically significant difference between their cultural traits. Afterward the same t test is applied to data gathered from institutionalization scale from Company A and Company B to interpret to test if there is a statistically significant difference between their levels of institutionalization. Lastly linear regression is conducted between the culture and institutionalization scales of Company A and Company B separately to interpret the relationship between.

3.1.8. Results

- **Demographic Features of Respondents**

Company A

There are 35 valid survey returned from Company A. Demographic features of respondents different ages, positions, educational background and gender are summarized in the tables below.

- **Demographic Features of Respondents**

Table5. Respondents' Demographic Features of Company A.

AGE		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	between 21-25	4	11,4	11,4	11,4
	between 26-30	10	28,6	28,6	40,0
	between 31-35	3	8,6	8,6	48,6
	between 36-40	7	20,0	20,0	68,6
	41 and more	11	31,4	31,4	100,0
	Total	35	100,0	100,0	

GENDER		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	21	60,0	60,0	60,0
	female	14	40,0	40,0	100,0
	Total	35	100,0	100,0	

Working Time in the Company		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	4	11,4	11,4	11,4
	1 to 3 years	14	40,0	40,0	51,4
	4 to 6 years	3	8,6	8,6	60,0
	7 to 9 years	4	11,4	11,4	71,4
	more than 10 years	10	28,6	28,6	100,0
	Total	35	100,0	100,0	

EDUCATION		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	high school	3	8,6	8,6	8,6
	bachelor	22	62,9	62,9	71,4
	post graduate (masters- doctorate)	10	28,6	28,6	100,0
	Total	35	100,0	100,0	

POSITION		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	engineer/expert	10	28,6	28,6	28,6
	technical expert	9	25,7	25,7	54,3
	middle line manager	9	25,7	25,7	80,0
	director	7	20,0	20,0	100,0
	Total	35	100,0	100,0	

Company B

Table6. Respondents' Demographic Features of Company B.

AGE		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	between 21-25	6	16,2	16,2	16,2
	between 26-30	8	21,6	21,6	37,8
	between 31-35	7	18,9	18,9	56,8
	between 36-40	3	8,1	8,1	64,9
	41 and more	13	35,1	35,1	100,0
	Total	37	100,0	100,0	

GENDER		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	22	59,5	59,5	59,5
	female	15	40,5	40,5	100,0
	Total	37	100,0	100,0	

Working Time in The Company		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 3 years	10	27,0	27,0	27,0
	4 to 6 years	5	13,5	13,5	40,5
	7 to 9 years	9	24,3	24,3	64,9
	more than 10 years	13	35,1	35,1	100,0
	Total	37	100,0	100,0	

EDUCATION		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	high school	10	27,0	27,0	27,0
	bachelor	21	56,8	56,8	83,8
	post graduate (masters- doctorate)	6	16,2	16,2	100,0
	Total	37	100,0	100,0	

POSITION		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	junior specialist	5	13,5	13,5	13,5
	specialist	7	18,9	18,9	32,4
	middle line manager	11	29,7	29,7	62,2
	manager associate	8	21,6	21,6	83,8
	general manager	6	16,2	16,2	100,0
	Total	37	100,0	100,0	

- **Group Statistics of Cultural Traits and Indices**

Illustrated in the Table 7 means of cultural traits and indices are generally high (more than 3 points). When involvement is considered Company A scored higher in all empowerment and team orientation and capability development indices. In the consistency dimension Company B scored higher as well as core values and agreement indices. However mean of Company A is a little bit higher than Company B in coordination. For the adaptability dimension Company A's mean is higher as well as in creating change and organizational learning. However Company B resulted higher in customer focus. Company B scored higher in mission trait and all in strategic direction and intends, goals and objectives and vision indices.

Table7. Group Statistics of Cultural Traits and Indices.

Companies		N	Mean	Std. Deviation	Std. Error Mean
<u>INVOLVEMENT</u>	CompanyA	35	39,524	,28935	,04891
	CompanyB	37	36,727	,29623	,04870
Empowerment	CompanyA	35	37,619	,52126	,08811
	CompanyB	37	34,054	,50999	,08384
Team Work	CompanyA	35	39,048	,37549	,06347
	CompanyB	37	37,477	,35491	,05835
Capability Development	CompanyA	35	41,905	,28337	,04790
	CompanyB	37	38,649	,27733	,04559
<u>CONSISTENCY</u>	CompanyA	35	38,413	,47162	,07972
	CompanyB	37	40,240	,18728	,03079
Core Values	CompanyA	35	39,524	,52483	,08871
	CompanyB	37	41,441	,25508	,04193
Agreement	CompanyA	35	37,429	,61083	,10325
	CompanyB	37	41,171	,34441	,05662
Coordination&	CompanyA	35	38,286	,52625	,08895
Integration	CompanyB	37	38,108	,35608	,05854
<u>ADAPTABILITY</u>	CompanyA	35	37,841	,52042	,08797
	CompanyB	37	34,144	,24237	,03985
Creating Change	CompanyA	35	37,810	,55391	,09363
	CompanyB	37	34,324	,36738	,06040
Customer Focus	CompanyA	35	38,000	,74623	,12614
	CompanyB	37	41,261	,29764	,04893
Organizational Learning	CompanyA	35	37,714	,49686	,08399
	CompanyB	37	26,847	,36806	,06051
<u>MISSION</u>	CompanyA	35	35,619	,36846	,06228
	CompanyB	37	39,399	,15404	,02532
Strategic Direction&Intend	CompanyA	35	31,810	,30618	,05175
	CompanyB	37	38,468	,32006	,05262
Goals&Objectives	CompanyA	35	37,619	,46842	,07918
	CompanyB	37	39,189	,24095	,03961
Vision	CompanyA	35	37,429	,57215	,09671
	CompanyB	37	40,541	,37279	,06129

- **t-test Results for Equality of Means of Cultural Traits and Indices**

Illustrated in the Table 8 Although Team orientation, core values, coordination, organizational learning and goals and objectives indices are generated no significant difference, organizational cultures of Company A and Company B are significantly different in cultural traits except consistency trait so H_0 is rejected.

Table8. t-test Results for Equality of Means of Cultural Traits and Indices.

	t	df	Sig. (2-tailed)
<u>INVOLVEMENT</u>	4,050	70	,000
Empowerment	2,933	70	,005
Team Work	1,824	70	,072
Capability Development	4,927	70	,000
<u>CONSISTENCY</u>	-2,183	70	,032
Core Values	-1,989	70	,051
Agreement	-3,225	70	,002
Coordination & Integration	,169	70	,867
<u>ADAPTABILITY</u>	3,898	70	,000
Creating Change	3,163	70	,002
Customer Focus	-2,460	70	,016
Organizational Learning	10,585	70	,000
<u>MISSION</u>	-5,735	70	,000
Strategic Direction&Intend	-9,011	70	,000
Goals&Objectives	-1,803	70	,076
Vision	-2,749	70	,008

- **Group Statistics of Facets of Institutionalization**

Table9. Group Statistics of Facets of Institutionalization.

	Companies	N	Mean	Std. Deviation	Std. Error Mean
OBJECTIVITY / FAIRNESS	CompanyA	35	36,190	,39929	,06749
	CompanyB	37	36,892	,51694	,08498
TRANSPERANCY	CompanyA	35	37,486	,46865	,07922
	CompanyB	37	37,622	,55745	,09164
FORMALIZATION /PROFESSIONALISM	CompanyA	35	38,408	,41832	,07071
	CompanyB	37	38,764	,41808	,06873

- **t-test Results for Equality of Means of Facets of Institutionalization**

Compared means of institutionalization facets presents that there is no significant difference between the institutionalization perception of employees in Company A and B. So we can interpret that they have equal degree of institutionalization.

Table10. t-test Results for Equality of Means of Facets of Institutionalization.

	t	df	Sig. (2-tailed)
OBJECTIVITY/FAIRNESS	-,642	70	,523
TRANSPERANCY	-,112	70	,911
FORMALIZATION / PROFESSIONALISM	-,361	70	,719

- **Group Statistics of Organizational Institutionalization of Company A&B**

Table11. Group Statistics of Organizational Institutionalization of Company A and B.

	Companies	N	Mean	Std. Deviation	Std. Error Mean
INSTITUTIONALIZATION	Company A	35	37,361	,36026	,06090
	Company B	37	37,759	,45430	,07469

- **t-test Results for Equality of Means Organizational Institutionalization Degree of Company A and B**

Table12. t-test Results for Equality of Means Organizational Institutionalization Degree of Company A and B.

	t	df	Sig. (2-tailed)
INSTITUTIONALIZATION	-,410	70	,683
	-,413	67,969	,681

Although Company A and B differed in three of the cultural traits, there is no significant difference between their degree of organizational institutionalization so that H_2 is accepted. According these results the effect of institutionalization on organization culture is tested for each company.

- **Regression Analysis**

Company A

- **Effects of Institutionalization Facets on Involvement Trait of Organizational Culture**

There is no meaningful relationship between institutionalization facets and involvement.

Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,612 ^a	,374	,313	,23977

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : INVOLVEMENT

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,064	3	,355	6,172	,002 ^a
	Residual	1,782	31	,057		
	Total	2,847	34			

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : INVOLVEMENT

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	Std. Error
1 (Constant)	2,104	,433		4,857	,000
OBJECTIVITYFAIRNESS	,237	,129	,327	1,829	,077
TRANSPERANCY	,123	,113	,200	1,094	,283
FORMALIZATIONPROFESSIONALISM	,138	,134	,199	1,029	,312

a. Dependent Variable : INVOLVEMENT

- **Effects of Institutionalization Facets on Adaptability Trait of Organizational Culture**

The relationship between institutionalization facets and adaptability is can be explained by 34,2% in Company A and transparency is the only meaningful and effective influence on adaptability. Effects of other facets are coincidental.

Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,585 ^a	,342	,279	,44197

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : CONSISTENCY

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3,073	3	1,024	7,074	,001 ^a
	Residual	4,489	31	,145		
	Total	7,563	34			

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : CONSISTENCY

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	,834	,688		1,213	,234
	OBJECTIVITYFAIRNESS	,606	,205	,513	2,952	,006
	TRANSPERANCY	,039	,179	,039	,219	,828
	FORMALIZATIONPROFESSIONALISM	,173	,212	,154	,816	,421

a. Dependent Variable : CONSISTENCY

• Effects of Institutionalization Facets on Adaptability Trait of Organizational Culture

The relationship between institutionalization facets and adaptability is can be explained by 34,2% in Company A and transparency is the only meaningful and effective influence on adaptability. Effects of other facets are coincidental.

Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,585 ^a	,342	,279	,44197

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : ADAPT

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3,153	3	1,051	5,381	,004 ^a
	Residual	6,055	31	,195		
	Total	9,208	34			

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : ADAPT

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	,953	,799		1,193	,242
	OBJECTIVITYFAIRNESS	,314	,239	,241	1,316	,198
	TRANSPERANCY	,506	,208	,456	2,431	,021
	FORMALIZATIONPROFESSIONALISM	-,053	,247	-,042	-,213	,832

a. Dependent Variable : ADAPTATION

- **Effects of Institutionalization Facets on Mission Trait of Organizational Culture**

There is a no meaningful relationship between institutionalization facets and mission trait in Company A.

Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,455 ^a	,207	,130	,34358

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : MISSION

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,956	3	,319	2,700	,063 ^a
	Residual	3,660	31	,118		
	Total	4,616	34			

a. Predictors : (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable : MISSION

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2,155	,621		3,471	,002
	OBJECTIVITYFAIRNESS	,127	,185	,138	,684	,499
	TRANSPERANCY	,336	,162	,428	2,079	,046
	FORMALIZATIONPROFESSIONALISM	-,082	,192	-,093	-,425	,673

a. Dependent Variable : MISSION

Company B

• Effects of Institutionalization Facets on Involvement Trait of Organizational Culture

There is a no meaningful relationship between institutionalization facets and involvement trait in Company B.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,646 ^a	,418	,335	,25138

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,952	3	,317	5,024	,009 ^a
	Residual	1,327	21	,063		
	Total	2,280	24			

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable: INVOLVEMENT

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,228	,465		11,242	,000
	OBJECTIVITYFAIRNESS	-,203	,139	-,371	-1,457	,160
	TRANSPERANCY	-,088	,191	-,161	-,460	,650
	FORMALIZATIONPROFESSIONALISM	-,123	,215	-,175	-,572	,574

a. Dependent Variable: INVOLVEMENT

• Effects of Institutionalization Facets on Consistency Trait of Organizational Culture

The relationship between institutionalization facets and consistency can be explained by 32% in Company b and transparency and formalization/professionalism affect consistency of Company B.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,566 ^a	,320	,223	,17263

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,295	3	,098	3,296	,040 ^a
	Residual	,626	21	,030		
	Total	,920	24			

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable: CONSISTENCY

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,502	,319		10,966	,000
	OBJECTIVITYFAIRNESS	,166	,096	,479	1,742	,096
	TRANSPERANCY	-,388	,131	-,119	-2,958	,008
	FORMALIZATIONPROFESSIONALISM	,358	,148	,803	2,427	,024

a. Dependent Variable: CONSISTENCY

- **Effects of Institutionalization Facets on Adaptability Trait of Organizational Culture**

There is no meaningful relationship between institutionalization and adaptability in Company B.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,267 ^a	,071	-,061	,95861

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,485	3	,495	,539	,661 ^a
	Residual	19,298	21	,919		
	Total	20,782	24			

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM, OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable: ADAPT

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,609	1,773		,908	,374
	OBJECTIVITYFAIRNESS	-,155	,531	-,094	-,292	,773
	TRANSPERANCY	,200	,729	,121	,275	,786
	FORMALIZATIONPROFESSIONALISM	,463	,820	,219	,565	,578

a. Dependent Variable: ADAPT

- **Effects of Institutionalization Facets on Mission Trait of Organizational Culture**

There is no meaningful relationship between institutionalization and mission in Company B.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,254 ^a	,064	-,069	,14336

a. Predictors: (Constant),
 FORMALIZATIONPROFESSIONALISM,
 OBJECTIVITYFAIRNESS, TRANSPERANCY

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,030	3	,010	,481	,699 ^a
	Residual	,432	21	,021		
	Total	,461	24			

a. Predictors: (Constant), FORMALIZATIONPROFESSIONALISM,
 OBJECTIVITYFAIRNESS, TRANSPERANCY

b. Dependent Variable: MISSION

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,279	,265		16,137	,000
	OBJECTIVITYFAIRNESS	,014	,079	,055	,170	,866
	TRANSPERANCY	,017	,109	,069	,156	,878
	FORMALIZATIONPROFESSIONALISM	-,107	,123	-,339	-,872	,393

a. Dependent Variable: MISSION

3.2. Discussions and Implications

This study aims to explore and analyze the relationship between organizational institutionalization and organizational culture of family companies. Thus, purposefully selected sample of two family companies in Turkey were examined through a comparative study. The objective of using the comparative study is to compare not only the organizational cultures of two family companies but also their degree of organizational institutionalization with quantitative measurement methods to explore if there is a relationship between institutionalization degrees and organizational cultures of these family companies

in order to constitute statistically meaningful results. The real names of the companies are concealed to protect the identity of these companies. Instead, they are named as Company A and Company B.

Organizational Culture Survey developed by Denison & Mishra (1995) and translated into Turkish by Yahyagil (2004) is conducted for measuring organizational culture and Alpay et al. (2008)'s scale is used for measuring institutionalization. Employees of the Company A and Company B provided their perceptions of their company's existing culture and institutionalization by answering the questions in Likert scale ranging from "strongly disagree (1)" to "strongly agree (5)". Afterwards the data collected from both companies, is evaluated by using SPSS 15.0.

The findings pointed out to the difference of the organizational cultures and the similarity of their institutionalization degrees of family companies A and B. Two companies differed in three of the cultural traits that are involvement, adaptability, mission. However they are similar in consistency trait. Although these companies have the same sectoral background, similar number of employees, and numbers of respondents are approximately similar to each other, the cultural difference is significant.

Leaptrot (2005, p. 221) proposed that the degree of formality in business government structure may be positively related to the degree of involvement by kin who are nonnuclear family members and organizational members who are not kin. The reason of the difference may be caused by the governance structure, the family relationships and the structure of partnership of these companies. Company A is a joint venture whose culture is harmonized with the foreign alliance company's procedures, beliefs and values and managed by professional executives. However Company B is a 100% family owned and managed company with internal management conflict.

The regression tests implied that there is a positive and meaningful relationship between some facets of institutionalization and cultural traits of Company A. Degree of institutionalization generates approximately 40,6% of consistency trait in Company A and and 32% in Company B. Objectivity / fairness is the most powerful facet affecting consistency trait in Company A while transparency and Formalization/Professionalism affect consistency of Company B. The relationship between institutionalization facets and adaptability can be explained by 34,2% in Company A. However transparency is the only meaningful and effective influence on adaptability. Results of the relationship between institutionalization facets and cultural traits of Company A and B is summarized below Table 13.

Table13. The relationship between institutionalization facets and cultural traits of Company A and B.

Cultural Traits/ Institutionalization Facets	Objectivity/ Fairness	Transparency	Formalization/ Professionalism
INVOLVEMENT			
Company A	no meaningful relationship	no meaningful relationship	no meaningful relationship
Company B	no meaningful relationship	no meaningful relationship	no meaningful relationship
CONSISTENCY			
Company A	meaningful relationship	coincidental	coincidental
Company B	no meaningful relationship	meaningful relationship	meaningful relationship
ADAPTATION			
Company A	no meaningful relationship	meaningful relationship	no meaningful relationship
Company B	no meaningful relationship	no meaningful relationship	no meaningful relationship
MISSION			
Company A	no meaningful relationship	no meaningful relationship	no meaningful relationship
Company B	no meaningful relationship	no meaningful relationship	no meaningful relationship

Table14. Summary of Hypothesis Testing Results.

H₀ =There is no statistically significant difference between cultural traits of the Company A and Company B.	rejected
H₁ =There is statistically significant difference between cultural traits of the Company A and Company B.	accepted
H₂ = There is no statistically significant difference between the organizational institutionalization degrees of the Company A and Company B.	accepted
H₃ = There is statistically significant difference between the organizational institutionalization degrees of the Company A and Company B.	rejected
H₄ = Institutionalization affects the organizational culture of Company A.	accepted
H₅ = Institutionalization do not affect the organizational culture of Company A.	rejected
H₆ = Institutionalization affects the organizational culture of Company B.	accepted
H₇ = Institutionalization do not affect the organizational culture of Company B.	rejected

In conclusion, finding a positive relationship between the degree of institutionalization and organizational culture traits of both companies has been aimed. As illustrated in the Table 13, the common trait of culture both affected by organizational institutionalization degree is consistency. Consistency defines the conjugate view to goal achievement and problem resolution that can be measured by: core values, agreement, and coordination and integration according to Denison model. In this study, the degree of institutionalization positively affects core values, agreement and coordination and integration. As stated above institutionalization facets objectivity/fairness affect the consistency of Company A while transparency and formalization/professionalism affect the consistency of Company B. Institutionalization of organizational rules, processes practices being free from bias, dishonesty, interpretations and prejudice positively affect the consistency of Company A. On the other hand, institutionalization of clearly manifested and obviously interpretable practices and principles, observance of proper procedures stated as formal rules and convenience with universal ethics and quality standards positively affect the consistency of Company B.

3.2.1. Future Research

Future research can be made on the effects of family business' culture on the institutionalization. For instance, in this study, the involvement affects the institutionalization of both Company A and B. Involvement has a positive effect on the institutionalization degree of Company A. However, surprisingly the same trait has a negative impact on the institutionalization in Company B. In Company A the higher the empowerment, team work and capability development the more likely degree of institutionalization increases. In Company B, higher empowerment, team work and capability development decreases the degree of institutionalization.

The relationship between organizational culture and degree of institutionalization is meaningful. Especially involvement is the dominant factor affecting the degree of institutionalization. Organizational culture of Company A explains the degree of institutionalization by 53,9%.

For Company B involvement is the dominant factor which has a negative effect on the degree of institutionalization. When the degree of institutionalization is higher, conversely the degree of involvement decreases (see Appendix C).

In conclusion, conducting more research on the effects of organization culture elements of family businesses on their institutionalization in different countries could open a new point of view to explain the institutionalization of family businesses.

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APPENDICESY

A. SURVEY QUESTIONNAIRES

1. BÖLÜM

A) *Yaşınız:*

18-20 21-25 26-30 31-35 36-40 41+

B) *Cinsiyetiniz:*

Erkek Kadın

C) *Bu iş yerindeki çalışma süreniz:*

1 yıldan az 1-3 yıl 4-6 yıl 7-9 yıl 10 + yıl

D) *Eğitim durumunuz:*

ilk-ortaokul lise üniversite yüksek lisans/doktora

E) *Göreviniz: (Bölüm belirtmeksizin yönetici, uzman, şef, idari-teknik personel v.b. şeklinde yazınız)*

.....
.....

2. BÖLÜM

- *Çalışmakta olduğum bu iş yerinde,*

1. Çalışanların çoğunluğu yaptıkları işle bütünleşmişlerdir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

2. Çalışanlar arasında yeterli ölçüde bilgi paylaşımı olduğundan, gerektiğinde herkes istenilen bilgiye ulaşabilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

3. İş planları yapılırken, tüm çalışanlar karar verme sürecine belli ölçüde dahil edilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

4. Farklı bölümler (departmanlar) arasında işbirliği yapılamamaktadır. **(R)**

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

5. Takım çalışması yapılması, bütün iş faaliyetlerinde esas alınmaktadır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

6. Tüm çalışanlar kendi görevleri ile işletmenin amaçları arasındaki ilişkiyi kavramıştır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

7. Çalışanlara kendi işlerini planlamaları için gerekli yetki verilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

8. Çalışanlarımızın iş-görme kapasiteleri sürekli bir gelişim göstermektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

9. Çalışanların iş-görme becerilerini artırmak için gereken her şey yapılmaktadır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

10. Yöneticiler söylediklerini uygulamaktadırlar.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

11. İş-görme yöntemlerimize yol gösteren net ve tutarlı bir değerler sistemimiz vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

12. İşlerin yürütülmesinde davranışlarımızı yönlendiren ve doğru ile yanlışın ayırt edilmesini sağlayan (*etik*) değerler yoktur. (R)

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

13. İş faaliyetlerinde bir anlaşmazlık meydana geldiğinde, her bir çalışan tatmin edici bir çözüm bulmak için çok gayret göstermektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

14. Bu iş yerinde güçlü bir işletme kültürü vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

15. Problematik konularda dahi kolayca bir görüş birliği sağlanabilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

16. Çalışanlarımız işletmenin farklı bölümlerinde de olsalar iş faaliyetleri açısından ortak bir bakış açısını paylaşabilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

17. İşletmenin farklı bölümleri tarafından yürütülen projeler kolayca koordine edilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

18. Başka bölümden bir kişiyle çalışmak, adeta farklı bir işletmeden birisiyle çalışmak gibidir. **(R)**

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

19. İş-görme tarzımız oldukça esnek ve değişime açıktır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

20. Rakip firmaların faaliyetleri ve iş alanındaki değişimlere bağlı olarak yönetim, uygun stratejiler geliştirilebilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

21. İş alanımızdaki yenilik ve gelişimler, yönetim tarafından izlenmekte ve uygulanmaktadır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

22. Müşterilerin istek ve önerileri, iş faaliyetlerinde sıklıkla değişiklikler yapılmasına yol açabilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

23. Tüm çalışanlar, müşterilerimizin istek ve ihtiyaçlarını anlamağa özen göstermektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

24. Müşteri istemleri (talepleri) iş faaliyetlerimizde genellikle dikkate alınmamaktadır. (R)

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

25. Herhangi bir başarısızlıkla karşılaşıldığında bu, yönetim tarafından, gelişim ve öğrenme için bir fırsat olarak değerlendirilir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

26. Yenilikçilik ve yapılan işlerde risk almak, yönetimce istenmekte ve ödüllendirilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

27. Çalışanların işleriyle ilgili olarak öğrenmeleri (yeni bilgiler edinmesi) önemli bir amaçtır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

28. Uzun-dönemli bir iş programı ve belli bir gelişim planımız mevcuttur.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

29. Çalışanların yaptıkları işlere yön verebilecek net, açık bir işletme misyonumuz vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

30. İşletmenin geleceğine yönelik olarak belirlenmiş stratejik bir iş-
planlaması yoktur. **(R)**

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

31. İşletmenin faaliyet amaçlarına ilişkin olarak çalışanlar arasında tam bir
uzlaşma vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

32. Yöneticiler, işletmemizin temel hedefleri doğrultusunda hareket
edebilmektedirler.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

33. Çalışanlar, uzun dönemde işletmenin başarılı olabilmesi için yapılması gerekenleri bilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

34. Çalışanlar, geleceğe yönelik olarak belirlenmiş olan işletme vizyonunu paylaşmaktan uzaktır. (R)

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

35. Yöneticilerimiz uzun-dönemli bir bakış açısına sahiptirler.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

36. Kısa-dönemli iş-talepleri, vizyonumuzdan ödün vermeden karşılaşılabilmektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

3. BÖLÜM

1. Ücretlendirme her çalışan için adil olacak şekilde yapılmaktadır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

2. Çalışanların performansı adil bir şekilde değerlendirilir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

3. Personel seçiminde objektif kriterler kullanılır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

4. Çalışanlara performans değerlendirmelerine dayalı olarak adil davranılır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

5. Kriz dönemlerinde her çalışandan eşit derecede fedakarlık yapması beklenir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

6. Personel seçimi pozisyonun gerektirdiği özellikler doğrultusunda yapılır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

7. Çalışanlar için uygulanan değerlendirme kriterleri birbiriyle tutarlıdır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

8. İşyerinde uzun dönem planlara elverişli bir ortam olduğunu herkes bilir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

9. Çalışanlar organizasyonel hedefler konusunda net bilgiye sahiptir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

10. Bireylerin işten ayrılması organizasyonel operasyonların işleyişini tehlikeye sokmaz.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

11. Herkesin düşüncesini eşit şekilde dile getirebildiği verimli toplantılar yaparız.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

12. İç denetim sırasında, aile üyelerinin yanısıra birim yöneticileri ve uzmanlar da değerlendirme sürecine dahil edilir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

13. Herkesin hakları ve görevleri açık bir şekilde tanımlanmıştır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

14. İşlerin nasıl yapılacağı hakkında yazılı olmayan bir davranış biçimimiz vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

15. Planlarımızı yaparken her zaman uzun dönem getirilerini de düşünürüz.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

16. Üst düzey yöneticilerimizin herbiri için bir başarı planımız vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

17. Toplantılar için gündemler hazırlanır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

18. Organizasyonel süreçler için yazılı davranış kurallarımız vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

19. Karar almak için önceden tanımlanmış bir sistemimiz vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

20. Sahipliğin gelecek nesle devredilmesi için oluşturulan bir başarı planımız vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

21. Her pozisyon için iş tanımları bellidir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

22. Toplantılarda tartışılan konuların kayıtları düzenli olarak yapılır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

23. Kuralların kurucu ailenin değer sistemine göre belirlenmesinden kaynaklanan bir çelişki yoktur.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

24. Çalışanlar arasındaki çatışma şirket performansına yansımaz.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

25. Kurucu ailenin inanç ve değerleri şirketin işleyişine çok fazla yansımaktadır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

26. Planlarımızı şekillendirirken sadece kesin hedeflerimizi gözönünde bulundururuz.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

27. İşyerinde yapılan dedikodu çalışanları olumsuz etkilemektedir.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

28. Başarı konusunda ciddi problemler ile karşı karşıya kalacağımıza inanıyorum.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

29. Yönetim her zaman ailenin kontrolünde kalmalıdır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

30. Şirket hisselerinin aile içi ve dışında transferini düzenleyen yazılı ve kanunen bağlayıcı kurallarımız vardır.

Hiç Katılmıyorum () Katılmıyorum () Kararsızım ()
Katılıyorum () Çok katılıyorum ()

B. RELIABILITY OF INSTITUTIONALIZATION SCALE

Scale	Alpha	Variance Extracted	Composite Reliability
Institutionalization			
Objectivity/fairness	0.87	0.50	0.86
1. Every employee is paid fairly			
2. Everyone's performance is fairly assessed			
3. Objective criteria are used in personnel selection			
4. Everyone is treated fairly based on performance appraisal			
5. In hard times, every employee is asked for equal sacrifice (D)			
6. Employee selection is done based on positional requirements			
7. Consistent appraisal criteria are applied to everyone			
Transparency	0.72	0.40	0.76
8. We have a medium to long term plan known to everyone			
9. Employees have clear understanding of organizational goals			
10. Individual departures do not jeopardize business operations			
11. We have productive meetings where everyone has an equal say			
12. In internal auditing, besides the family members we also include the department heads and specialists in the assessment process			
13. Everyone's rights and duties are clearly defined (D)			
14. We have an unwritten code of behavior about how to do business (D)			

15. When we make our plans, we always consider the long term as well (D)

Formalization/professionalism **0.78** **0.48** **0.86**

16. We have a succession plan for every top manager

17. Meetings have planned agendas

18. We have specific written codes of behavior for organizational processes

19. We have a predefined system for decision-making

20. We have a succession plan for transferring ownership to next generation

21. We have job descriptions for every position

22. We always keep record of the things discussed in our meetings

23. There are no conflicts resulting from the ruling family's value system (D)

24. Conflicts among employees do not reflect on company performance (D)

25. I believe that the ruling family's beliefs and values are reflected too much onto the company (R) (D)

26. In shaping our plans, we consider only certain goals (D)

27. Workplace gossip affects employees negatively (R) (D)

28. I believe we will run into certain succession problems (R) (D)

29. Management should always remain under the control of the family (D)

30. We have a written and binding rule (a contract), which regulates the transfer of stocks in and out of the family (D)

C. EFFECTS OF ORGANIZATIONAL CULTURE TRAITS ON INSTITUTIONALIZATION

- **Effects of Organizational Culture Traits on Institutionalization**

Company A

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,734 ^a	,539	,478	,26031

a. Predictors: (Constant), MISSION, INVOLVEMENT, CONSISTENCY, ADAPT

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,380	4	,595	8,781	,000 ^a
	Residual	2,033	30	,068		
	Total	4,413	34			

a. Predictors: (Constant), MISSION, INVOLVEMENT, CONSISTENCY, ADAPT

b. Dependent Variable: INSTITUTIONALIZATION

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,560	,656		,853	,400
	INVOLVEMENT	,574	,172	,461	3,336	,002
	CONSISTENCY	,170	,152	,223	1,119	,272
	ADAPT	,285	,169	,412	1,686	,102
	MISSION	-,232	,201	-,237	-1,152	,258

a. Dependent Variable: INSTITUTIONALIZATION

Company B

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,683 ^a	,467	,360	,38209

a. Predictors: (Constant), MISSION, CONSISTENCY, ADAPT, INVOLVEMENT

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,558	4	,639	4,380	,011 ^a
	Residual	2,920	20	,146		
	Total	5,477	24			

a. Predictors: (Constant), MISSION, CONSISTENCY, ADAPT, INVOLVEMENT

b. Dependent Variable: INSTITUTIONALIZATION

Coefficients^c

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,701	3,276		1,130	,272
	INVOLVEMENT	-1,230	,316	-,794	-3,897	,001
	CONSISTENCY	,053	,401	,022	,131	,897
	ADAPT	,033	,102	,064	,324	,749
	MISSION	1,069	,761	,310	1,404	,176

a. Dependent Variable: INSTITUTIONALIZATION