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TITLE: Family Businesses, Institutional Entrepreneurship and Role of the State

AUTHORS: Hasan Alpay KARASOY

PAGES: 183-197

ORIGINAL PDF URL: <https://dergipark.org.tr/tr/download/article-file/528523>

FAMILY BUSINESSES, INSTITUTIONAL ENTREPRENEURSHIP AND ROLE OF THE STATE

AİLE İŞLETMECİLİĞİ, KURUMSAL GİRİŞİMCİLİK VE DEVLETİN ROLÜ

Hasan Alpay KARASOY

Necmettin Erbakan University, School of Applied Sciences, KONYA, TURKEY
(dr.alpaykarasoy@gmail.com)

ABSTRACT

Family-owned businesses are highly important for the employment and the national economy. Today, family-owned businesses are one of the most important means of providing a competitive advantage. The development of competitiveness and innovation capabilities based on corporateness. The protection and maintaining of the assets are highly difficult for the non- institutional companies or the companies failures in institutionalization. The companies which are running in a systematic way or in an institutionalized way could keep up with the times and modernization. But it has been observed that the family-owned businesses are unsuccessful in institutionalization process although they need it in a great manner. Because the challenges based on strong competition could only be overcome just only in an entrepreneurial manner that can utilize the opportunities. The members of the family -owned businesses could use their innovative capabilities in a company based on corporate entrepreneurship. This study investigates the corporate entrepreneurship process and the support of the governments for these institutions.

Keywords: Entrepreneurship, Family business, Corporate entrepreneurship, State

ÖZ

Aile işletmeleri istihdam ve ülke ekonomisi açısından büyük bir önem arz etmektedir. Günümüzde rekabet avantajı sağlamanın en önemli araçlarından biri aile işletmeciliğidir. Aile işletmeciliğinin rekabet ve inovasyon yeteneğinin gelişmesi kurumsallıkla sağlanabilmektedir. Kurumsallaşmayan veya kurumsallaşamayan işletmelerin varlıklarını korumaları ve sürdürmeleri oldukça zorlaşmıştır. Sistemli ve kurumsal davranan işletmeler ise çevreye ayak uydurabilmektedir. Aile işletmelerinin ise, kurumsallığa daha çok önem vermeleri gerekirken, kurumsallaşma süreçlerinde başarısız oldukları gözlemlenmektedir. Çünkü aşırı rekabetin getirdiği zorluklar, fırsatları değerlendirecek girişimci bir rolle aşılabılır. Aile işletmelerinin aktörleri (aile üyeleri profesyoneller) yenilikçi yeteneklerini kurumsal girişimcilik ilkelerinin hakim olduğu örgütte kullanabilmektedirler. Çalışmamızda aile işletmelerindeki kurumsal girişimcilik süreçleri değerlendirilirken, devletin bu tür çabalara yönelik desteklerine yer verilmiştir.

Anahtar Sözcükler: Girişimcilik, Aile işletmeciliği, Kurumsal işletmecilik, Devlet

1. Introduction

Family companies today have an important position both in country and world economy. Especially family companies has a strategic importance to cope with global competition. Corporate entrepreneurship for family businesses provides advantage for surviving that companies and their continuity and growth. However all family companies face with structural problems during corporate entrepreneurship as mentioned in our study. In our study family companies structures and their perspective to entrepreneurship will be discussed. The contribution and advantages of corporate entrepreneurship will be examined, the importance of sustainable competition will be highlighted. In addition during the institutionilaztion process of family companies, the supports given by the state will be mentioned, the effectiveness of the role played by state will be put forth. These supports are important for family companies in terms of effectively competing in competition and playing an important role.

2. Family Businesses

There have been different definitions made on the concept of family businesses. Family businesses are the organizations where family members are in charge in different levels of administration (Potdosky, 1992:622). At the same time family businesses are the intersection point of family and business (Pratt, 2001:9). These are the organizations in which a family possesses the majority of the votes and plays a major role in the making of strategic decisions within the institution or in the selection of the general director (Kırım, 2001:3). Other than the head of the family or the one who is in charge of the family being the chief executive of the company, it is also necessary that at least two generations within a family should be present in the management of the organization (Yener, 1991:44). The common ground of family businesses are explained by the concepts of family, property, management, organization and culture (Fındıkcı, 2008:18). As can be understood from the definitions, family businesses are the organizations whose control and ownership is mostly in the hands of two or more family members.

2.1. Characteristics of Family Businesses

Family businesses have some unique characteristics that enable them to be differentiated from other types of businesses. These characteristics are;

- a) The position of the family members in the business affects their position within the family, as well (Kara, 1984:23). The individual who is successful and in power in the family business will also be powerful within the family.
- b) Family values and beliefs significantly affect the methods pursued in doing business, relations, and the culture of the organization. Reflections of these values and beliefs become visible within the organization (Drucker, 1974:275).
- c) As family businesses are founded by the family members, they give the impression of being enclosed (Anxy, 1978:32). In this way problems of the organization are solved within the family and the information on the organization would only be known by the family members, thus communication with the outside world decreases.
- d) There are traditions and ethical values unique to the family. Any decision that does not conform to the ethics of the family is not accepted by the family even though the decision would develop the organization (Fletcher, 2002:408).

- e) The organization and the family are accepted existing together (Longenecker & Moore, 1971:117). These two factors are not separated from each other.
- f) Emotional and subjective decisions occasionally take precedence over rationality. In other words, the necessities of the organization clashes with the necessities and values of the family (Cromte, 1991:258).
- g) In family businesses the chief executive is generally a member of the family. They do not wish to delegate this power (Karpuzoğlu, 2002:21).
- h) In family businesses, due to the intensive will of the business owner for control and the psychological cost of indebtedness, the usage of external sources will not be preferred (Genç, Güzel & Pamukoğlu, 2006:573). This will hinder required expansion.

2.2. Phases of Development in Family Businesses

There are mainly four phases of development. These are; first generation family businesses, expanding and developing family businesses, complex family businesses and family businesses that achieve continuity (Karpuzoğlu, 2001:57-65).

2.2.1. First Generation Family Businesses that are Owned and Managed by the Entrepreneur

The entrepreneur makes partnership with his or her spouse and children. He deals with all parts of the management process (Gersick, McCollom & Lansbarg, 1997:96-99). All the characteristic features of the organization are determined by the entrepreneur. In the first generation family businesses, the business is extensively dependent upon the entrepreneur. This, however, brings about unwritten works and processes and the problems are taken care of with provisional solutions and an ambiguous structure becomes visible. This situation may cause further problems in the future (Ateş, 2005:76).

2.2.2. Expanding and Developing Family Businesses

In these family businesses, the organization had passed into the children from the entrepreneur. Two or more siblings possess majority of the organization and have the right to control it. The increase in the number of family members working in the organization and in their power would bring forth the clashes. These family members who lack capability cannot fulfil business expectations. In this phase, family businesses are in need of professional management (Alayoğlu, 2003:33-37; Karpuzoğlu, 2002:103; Gümüştekin, 2004:522). In order to move toward the phase of complex family businesses, family members should acquire sufficient potential.

2.2.3. Complex Family Businesses

In this phase of complex family businesses, the third or fourth generation of the family presumably get positions in the organization. Other than these, professional are also offered several positions in the organization. Family members are aware of the fact that the organization needs institutionalization, and works in that direction are observed (Gümüştekin, 2004:521-523).

In this phase, if institutionalization does not materialize, conflicts and different factions become observable within the organization. Employments of the family members who are not

competent enough in doing business retards growth, decreases income, and in the end increase the costs (Yalçın & Günel, 2004:72-73).

2.2.4. Family Businesses that Achieve Continuity

In this phase, family businesses are institutionalized and earned continuity. In all the processes of business making professional attitudes that pursue a strategic plan are seen. The analysis of the works is done, responsibilities are determined. Long term goals, mission and vision are defined. Recruitments are done by observing the knowledge, talent and capability of the applicants (İşler & Çağlar, 2004:140-147; Atılğan, 2003:109).

2.3. Advantages and Disadvantages of Family Businesses

Family businesses have several features that affect their continuity and success levels. These are;

2.3.1. Advantages of Family Businesses

- a) Due to equity capital, as they use their own resources they display a strong stance. As the family unites, family members can relinquish their own wealth so as to prevent bankruptcies (Alayoğlu, 2003:24). Financial problems can be resolved within the family.
- b) The feeling of trust can be easily maintained within the family, in this way there will be no need or obligation for supervision and the business will work in fast pace (Pyer, 1994).
- c) One of the most important duties of the administrators is to make decisions. Decisions are made quickly thus the losses that are caused by delays are minimized (Karpuzoğlu, 2002:20).
- d) Works in family businesses are generally oriented to strengthening of the structure in the future (Akdoğan, 2003:1). The main reason for this is to leave some business to be done to the future generations.
- e) The contributions of family businesses in preserving and developing social welfare cannot be undermined (Aydoğan, 2000:1). They do not forsake doing investments despite the crises that occur in the country and in the world.
- f) In the eye of the well-known customers of the organization, suppliers and rivals they possess a positive image and power (Karpuzoğlu, 2002:20).
- g) In family businesses the connections with the personnel are generally very strong which enhances loyalty to the organization.
- h) In order to make sure that the children of the family members grow up in favourable conditions, the children are offered good educational facilities (Karpuzoğlu, 2002:21).
- i) Family businesses easily adapt to the environment, opportunities are more quickly and effectively evaluated (Günver, 2002:6). The allegiance of family members to each other enables strong communication. The settled hierarchy makes the distribution of duties and the proper ways for different members on how to act in which places known. These features construct a team within the organization who are loyal to and have the trust of each other (Joffe, 1990:32).

2.3.2. Disadvantages of Family Businesses

The characteristic features of family businesses may generate adversities during the process of business making. These are;

- a) Nepotism is one of the biggest disadvantages. Recruitments that are done by merely observing the family relations and by disregarding the factors such as skills, abilities and education level that are necessary for the business are called as nepotism (Nasters, 1983:34). As an outcome of nepotism there is the danger that the management of the organization might be left to the hands of incapable and dispirited family members (Alayoğlu, 2003:26).
- b) Family businesses may display a conservative attitude against changes. They may become more hesitant in comparison to the professionals due to the great amounts they would risk (Alim, Sayı:13:77). This situation may cause many an opportunities to be lost.
- c) Conflicts and groupings within the family have a negative effect on the business. The incidents within the family are reflected to the business (Fındıkçı, 2008:22).
- d) Negative culture in family businesses also affects the future of the organization negatively.
- e) The matters on business are discussed and decisions are made within the house environment rather than holding business meetings. This prevents the contribution of people other than family members to decision making processes (Silverman, 2005).
- f) The lack of a written business definition will bring about a hierarchic chaos to the rights and responsibilities. If rights and responsibilities are fully known, conflicts will be prevented (Pickle and Abrahamson, 1999:54).

2.4. Management in Family Businesses

It is utterly natural that each and every organization display different characteristics. The manner, behaviour and culture of the managers and owners are reflected on the organizations. This is why management of family businesses can be differentiated from the management of other types of businesses in significant manners (Us, 2003). Three types of management can be seen in family businesses.

- 1) *Centralist management*: This type is generally seen in the first generation family businesses. Decisions are taken single-handedly and no one is granted the right to say a word. The beliefs and values of the founder determine the culture of the organization. The founder having confidence highly motivates the employee, yet at the same time there is an autocracy inclined to control everything (Us, 2003:20).
- 2) *Participatory management*: With the recruitment of appropriate personnel for the business, professionals are also included in the management. In the process of decision making participation is ensured and an operative management structure is created.
- 3) *Professional management*: An organization, where institutionalism prevails, strategic management methods are displayed and the owners of the organization have the professionals as the managers, is to be seen. Professional managers are of great importance in institutionalism (Ryans, 1989:23).

As mentioned above, the existence of family businesses are directly proportional with institutionalisation. In order to remain competitive, they first have to gain their corporate identity and to seize the opportunities with entrepreneurial moves. This is why below a brief analysis of institutionalism will be made.

3. Institutionalization

There have been many a definitions and analyses made on institutionalisation. Several of these are;

“An institution as a whole is composed of the ideas, patterns of behaviour and value judgements that are explanatory of the ways an organization performs its functions, are organized together, construct a compatible whole, and come together with the symbols such as tools, flags, badges and colours that make them visual.” (Alayoğlu, 2003:62). Organizations that get institutionalized develop proper standards as they change in line with the changes in the business environment (March, 1996:278). Institutionalisation is ensuring standardization in line with this change. Shortly institutionalization is to transfer specific standards that are in the same vein with the changes in the environment to the organization. Here it should be pointed out that, institutionalization does not mean that the boss will hand over the business to the professionals, it denotes working together as partners.

3.1. Approaches to Organizational Institutionalization

There are two types of approaches to institutionalization. While the rationalization approach regards the organization as a closed system, institutionalization analysis treats organization as a social being.

3.1.1. Approach of Rational Institutionalization

“This approach deals with the theoretical problems of the institution. These problems are created through the functioning of the departments and the alterations within the organization (Holm, 1995:399). This is called as old institutionalism.

While forming the structures of the organization, rules and procedures are taken notice of, organizational activities and structural factors are loosely related, supervision and coordination of these are unclear (Mayer & Rowen, 1977:341).

While the problems are solved, a superficial approach can be seen. As it can be seen, the viewpoint of this approach neglects the human factor, and regards the organization as a mechanical being.

3.1.2. Approach of Institutionalization Analysis

It focuses on the subjects that are not taken into consideration by the rational approach. This is called as the new institutionalism. The existence of informal organizations is accepted (Karpuzoğlu, 2002:73). Organizations are social beings (Meyer & Rowen, 1979:354). Among the organizational factors, organizational interaction, adaptation, and business strategies are focused on (Selenick, 1990:271). On a specific operation of the organizations the relations are in the first level taken care of with procedures (rational institutionalisation), in the second level (institutionalisation analysis) the relation between the environment and policies of the institution

are focused on (Holm, 1998:400). Institutionalisation analysis seeks long lasting solutions to the institutional problems.

3.2. Components of Institutionalization

Components composed of formalization, professionalization, social responsibility, consistency, autonomy, and transparency determine the level of institutionalisation.

3.2.1. Formalization

It is the indication of the duties of the employees, their rights-responsibilities, procedures, deeds, and structure in a written form. In the formalizing organizations, there is a certainty which is a phenomenon aspired by other organizations. Organizations that are preferred the most are the ones that possess high levels of certainty (Staggenborg, 1988:585-586). The hierarchical structure within the organization is fully indicated so as to enable the activation of the functions of production. Formalisation of the superior-subordinate relationship is the business structure in which the low-level employees are accountable to the high-level employees (Adler & Borys, 1996:63). It is observed that with this component, the organization maintains its perpetual existence by accommodating themselves to the environment.

3.2.2. Professionalization

In an organization professionalization is to fulfil a business with all its details in the least erroneous way. Its biggest criterion is to perform the requirements of the business with great excellence (Gökçora, 2005). Professionalization of an organization means that professionals should be employed, the professionals that are recruited should be supported by the institution, and that the organization should have relations with other professional institutions. As the number of professionals increase, organization becomes more professionalized.

3.2.3. Social Responsibility

Apart from economic activities, social responsibility is to contribute to the society and the environment voluntarily (Carroll, 1979:269-271). The organization that internalizes this concept recognizes that it should make profit to maintain its existence, however, there has to be a balance between this profit and the endured costs (Drucker, 1996:122). In these organizations achievement of economic objectives and taking notice of cultural and social characteristics of potential customers should be taken care of (Karabacak, 1993:100).

3.2.4. Consistency

For the organizations to become institutionalized, it is necessary that they should keep up the word of their strategic plans to the environment with its mission, vision, aim and targets. This increases their level of legitimacy as a result of which organizations get institutionalized (Reed, Lemak & Montgomery, 1996:184). Looking from the perspective of the recruited personnel, consistency is the harmony between the aims of the organization and the aims of the personnel.

3.2.5. Autonomy

An organization has features that distinguish it from other organizations. With this distinctness organizations earn autonomy. Here the key point is the institutional identity. With

the institutional identity, organizations ensure advertising by achieving the coordination of all their advertising activities. In the institutionalised organizations, the managers who freely make their administrative decisions endeavour to earn their organization an identity distinct from other organizations in the making of their decisions (Özdevcioğlu, 2004:118). Briefly, autonomy significantly contributes the organizations in pursuing their objectives.

3.2.6. Transparency

It is the informing of the public accurately and timely by the organization. The aim of transparency, which is one of the elements of institutionalisation, is to let the shareholders around the organization get information on the activities of the organization. This will legitimize the organization. It becomes more trustworthy and this accelerates institutionalisation (Tufancı, 2009:23). Sharing of information constructs effective communication, as well.

3.3. Process of Institutionalization

The continuous alterations in the environment also denote a change in the targets, objectives, structure and in the profile of the employee. In this manner, institutionalisation is a dynamic process. During this process in order to adapt to change, the structure, quality of the personnel, technology and the ways of business making should fit into the respective changes. This is why the qualities that will be remarked below should be possessed by an organization.

a) Recognition by Law

According to juridical sanctions an organization has to fulfil the organizational and administrative requirements. At the same time these businesses have to obey the regulations such as the constitution, the law, guidelines and precepts that organize the customary, religious and traditional social relations (Ülgen, 1990:172). Institutions that are thus recognized by the law gain legitimacy in the society.

b) Sustainability of Existence

A constantly changing, dynamic environment necessitates the organizations, which aspire to adapt to these alterations, to have a flexible structure. This flexibility provides the businesses for continuity and consequently sustainability (Ülgen, 1999:129).

Continuity will in the end establish an accord between the organization and its objectives, and positions will be strengthened.

c) Coherence between Individual and Institutional Objectives

In order to keep pace with changes, the coherence between the objectives of the individuals and the organizations has to be ensured (Karpuzoğlu, 2002:80). Organizations get utilized from the individuals through revising individuals' objectives and targets in order to realise their missions in line with the organization's targets and objectives. This is how they maintain their sustainability (Gibson, Ivancevich & Danelly, 1988:40-41). If this sustainability will not be maintained, institutional objectives cannot be realised.

d) Acquiring Institutional Identity

An institutional identity is the name, logo, design of the materials, general appearance of the buildings, manners of the personnel, their dress, profile of the manager, and the understanding of production of a business' brand (Kazgal, 2007:55). An institutional identity, while differentiating an organization from others, grows in the same rate with institutionalisation.

4. Institutional Entrepreneurship

In the literature on institutional entrepreneurship there have been many definitions made on the subject matter. Within the organization, managing the organization to turn towards different fields by creating different source combinations increases the power of the organization to take good care of opportunities by extending its range of abilities (Covin & Slevin, 1991:7).

It is taking risks by making use of the opportunities in the environment for the sake of performance and growth and is an aggregate of inclinations and manners in the level of business that is oriented to innovation and aggressive rivalry (Miller & Friesen 1978:925; Slevin and Covin, 1990:45; Zehra, 1993:320). It is founding distinct institutional organizations in order to create a new product, service or a market, or to get utilized from a new technology (Spann, Adam & Wordman, 1998:149). As it can be understood from these definitions, institutional entrepreneurship makes it possible for the organizations to make innovations and through supporting this within the organization aims to attain an extra competitive advantage.

4.1. Components of Institutional Entrepreneurship

The focal point of the components of institutional entrepreneurship is innovation. These components are; new enterprise, new business, product innovation, process innovation, self renewal, risk taking, proactivity, competitive aggressiveness. Below these components will be briefly touched upon.

4.1.1. New Enterprises

Engaging in a new enterprise is creating a new business which is done by the development of new markets through redefining the service and the product within the organization (Antoncic & Hisrich, 2001:498). New enterprises are a new product, service, process and managerial systems that gain the organization a commercial value. A proper organizational structure is needed for these enterprises to arise.

4.1.2. New Businesses

The important point here is to construct new fields of business within the organization. These fields of business bring forth new organizational factors (Antoncic & Hisrich, 2001:498; 2003:10). This component poses importance as it can be effective in creating new markets.

4.1.3. Product Innovation

It is the offering of the product after a substantial betterment made on it according to the demands and the usage made of it. This innovativeness is the will to search and develop new range of products, ways of being the leader in technology, and new processes (Limpkin and Dess, 2001:431). Product innovation is also a sign of adaptability to the environment.

4.1.4. Process Innovation

Process innovation can be defined as all types of tools that are new to the organization and that are used in transforming the inputs to the outputs (Seyrek, Akgün & Özer, 2007:18). This innovation increases the quality and service levels by diminishing the time spend and the costs.

4.1.5. Self Renewal

This component of institutional entrepreneurship expresses a radical innovation within the organization. Self renewal is the revision of the basic skills through formulating the strategies and re-regulation of organizations (Sharma & Chrisman, 1999:18). Basic skills are the most significant factor distinguishing gradually developing organizations from the others. In the long run these skills may create a vicious circle in the organization. It strives to get out of this vicious circle by self renewal.

4.1.6. Inclination to Risk Taking

It is the manners and principles whose income cannot be foreseen, which support innovative projects. Risk is the possibility to face loss; still it is a part of innovative enterprises and a basic factor of entrepreneurship (Antoncic & Hisrich, 2003). Different from the will to make profit, the behaviour of risk taking brings along several organizational consequences such as initiating a new process, a new service or a product.

4.1.7. Proactivity

The first firms that make use of the opportunities in the market are perceived as the leader. In institutional entrepreneurship this phenomenon is called as proactivity (Lumpkin & Dess, 1996:146). Proactivity provides for leadership in line with precise objectives on a new formation, on management or even on a termination of business. In this way the organization strives for becoming the leader by acting faster than its rivals in offering a new product to the market.

4.1.8. Competitive Aggressiveness

It is the aggressive and offensive manners an organization displays in order to attain a competitive advantage in the market across its rivals. This concept, which indicated head to head competition, is an important aspect of institutional entrepreneurship (Lumpkin & Dess, 1996:139-149). In this strategy, firms try to give a direct response to their rivals.

4.1.9. Strategic Renewal

The organization develops strategies on how to transform its style of competition in order to get a bigger share in the market. While focusing on the strategies that are used for adaptation to the environment, it also changes the structure of competition (Eren, 2006:33). With strategic renewal organizations change their roles in the market.

4.2. Application of the Types of Institutional Entrepreneurship

There are four different types which are; Sustainable Renewal, Organizational Renewal, Strategic Renewal, Re-defining the Field of Operation.

a) Sustainable Renewal

It enables the firm to enter into undeveloped or non-functioning markets (Com & Miles: 1999:50-51). These firms continuously offer new products to the market or they initiate into new markets. In this way they increase their profits.

b) Organizational Renewal

Novelties are seen in business processes and in the managerial structure more than the renewals in products. Attempts for organizational renewal come to an end with the renewal in one or more activities and it is thus regarded as a success (Johney & Lone, 2003:155). Organizational renewal includes activities on the development of organizational skills.

c) Strategic Renewal

As mentioned above, this is the seeking of the organization for strategies that are fit for answering the demands by changing the organization's direction in the market.

d) Re-defining the Field of Operation

Rather than targeting the opportunities available in the market, an organization has a greater demand in gaining advantage by being the first one to enter another possible market (Covin & Morgan, 1999:53). The first organization that offers its new product to the market not only gains a competitive advantage but also maximizes its profit.

5. Role of the State

Family businesses have great importance in the development of the state in economic and social spheres. This is why being aware of the significance of the situation; our state provides considerable supports to family businesses. In this part of our article we will give place to these supports.

5.1. Legal Basis

When the Turkish Commercial Code came into force in 2012, it also drew the frame of institutionalisation for the family businesses. This new Commercial Code materialized the concepts such as transparency, accuracy, responsibility, accountability . Thus, the target has been the sustainability and permanent existence of family businesses.

At the same time our country became a party in the Small Business Act for Europe in 2010. In 2011 in European Union it prepared 10 basic principles for KOBIs on the international level to a notice on "Principles of the Small Business Act for Europe". KOSGEB (Small and Medium Industry Development Organization) was charged as the coordinator for the implementation of these principles. These are briefly the principles:

1. Creating a business atmosphere where the entrepreneurs and family businesses will be motivated,
2. Giving a second chance to the fair entrepreneurs who face the threat of bankruptcy,
3. Developing regulations in accord with the teaching of being considerate toward the small ones at the beginning,

4. Making the state institutions and organizations sensitive toward the necessities of the KOBIs,
5. Bringing public policy instruments in line with the necessities of KOBIs,
6. Making it easier for the KOBIs to obtain finance,
7. Ensuring the KOBIs to get utilized from the opportunities provided by the Single Market,
8. Motivating the abilities and innovative activities of KOBIs,
9. Enabling the KOBIs to turn the environmental problems into opportunities,
10. Motivation and support in terms of getting utilized from the enlarging market.

5.2. Other Supports

Within the frame of the development plans and executed government programs, implementations aiming to support family businesses in various fields can be observed in our country. If we have a quick look at these;

Research-development: Our country provides some innovation supports by supporting several R&D activities of the KOBIs who are active in the realm of information-technology. Private businesses stay informed of the developments over the Internet through the information network KOBİ-NET (www.tosyov.org.tr/girisimci).

Exportation: Our country gives supports on employment, education, on attending international fairs and assists during the processes of market research and marketing in order to enhance the development of exportations and the increase of the business incomes.

Production and infrastructure: From the family businesses, production oriented Organized Industrial Sites, within the scope of the Ministry of Industry and Commerce, are established (<http://www.kosgeb.org.tr>). In this way by getting rid of infrastructure problems in the organized regions, contributions are made in the coordination of production.

Parallel to the developments in the world on the advances in information technology, technological novelty and innovations in Turkey are supported by the institutions such as KOSGEB and TUBITAK. While these supports can be on project consultation, legal regulations, and employment, they are basically the financial supports provided through public banks. Some of these supports are realized by granting aids.

In line with their contributions to the Turkish economy and in terms of employments, the importance of family businesses gradually increases. As our state supports institutionalisation, it offers significant contributions as mentioned above through institution consultants for the development of competitive skills of family businesses in global markets.

6. Conclusion

Together with globalization, the environment of competition has become more relentless. It became very difficult for the organizations that do not institutionalize or that cannot institutionalize to secure and maintain their existence. Organizations that are systematized and institutionalized can better fit to the environment. While the family businesses should give more

importance to institutionalization, it is observed that they are unsuccessful in the processes of institutionalization.

Despite the advantages of family businesses, due to the reasons mentioned above, the disadvantages such as reflecting the relations within family to business making, the lack of trust toward professionals, enclosed culture and conservative tendencies hinder institutionalization. Family businesses have a difficult time in accepting the managerial changes as something in the nature of the organization.

In family businesses, professionalization is closely interrelated with proactivity, which is one of the components of institutional entrepreneurship. Institutional entrepreneurship will be enhanced at the same rate with the increases in professionalization. In order to maintain the long term existence of family businesses, institutional entrepreneurship is needed. This is because, institutional entrepreneurship would save the organization from passivity and elevate it to the state of proactivity which would increase the productivity of the organization. In our country, a considerable amount of the small and middle scaled organizations are family businesses. If these businesses cannot get institutionalized, they would have to give an end to their own activities. The closure of these businesses which function like the motivating force of development and progress would bring about inconveniences to the country. In our country in many an areas such as in management and finance, Kosgeb assists the family businesses in several functions and helps them to get institutionalized.

Family businesses will gain an objective viewpoint with institutionalization. Thus, the practice of institutional entrepreneurship within the organization will provide for strategic, professional and innovative contributions. The organization will possess a more dynamic structure. Business and family values will be distinguished. Requirements of the business and interests of the organization will be taken into consideration.

In our country, family businesses that are a keystone of the economy have to increase their level of institutionalization and maintain their sustainability via institutional entrepreneurship in the globalising economy and management in order to get hold of a competitive power and in order to see the third generation on business.

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