Unraveling Ties: Exploring Global Family Business Conflicts

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Abstract
Family businesses have historically played a vital role in economies around the world, serving as the bedrock of societies and regional economies. They have emerged as key employers, significantly impacting national economies. Notably, a select few family businesses have even fostered the growth of successful conglomerates, contributing substantially to employment opportunities within their respective nations. However, it is important to acknowledge that many family businesses have encountered internal disputes, with only a handful managing to keep such conflicts discreet, while others have struggled. Conflict and succession represent the two primary threats to the continued success of family businesses. Conflicts within these businesses often arise when family owners feel their personal needs are not being fulfilled. Effectively managing such conflicts becomes crucial not only for the survival of the business but also for the well-being of the family involved.

Keywords: Family Businesses, Succession, Conflicts, Succession Planning, Conflict Resolution.

Introduction
Numerous well-known family businesses such as Reliance Industries Ltd, Tata, Birla, Ranbaxy, Bajaj, Hancock Prospecting, Gucci, Fortis Hospitals, Kirloskar Group, Amarchand & Mangaldas & Suresh A Shroff & Co., Raymond Ltd, Apollo Tyres, Rollins Group, Wadia Group, Hinduja Group, Godrej, Wave Group, Hiranandani Group, Wipro, Murugappa Group, L’Oreal, Rothschild Bank, Samsung, Hero MotorCorp, and Sanghi Group have gained prominence not only for their success but also for experiencing significant conflicts within their families. The conflicts stem from various factors, including challenges related to succession planning (as observed in Tatas and Reliance Industries Ltd.), disputes arising from inheritance of wealth (as seen in the case of Birla and Amarchand & Mangaldas & Suresh A Shroff & Co.), instances of misconduct and undisclosed investments (as witnessed in Ranbaxy), divisions over property (as in the case of Bajaj), ownership disputes (as in Hancock Prospecting), differences in vision (Gucci), disagreements in leadership (Fortis Hospitals), clashes within the family (Kirloskar Group), conflicts regarding division of personal assets (Kirloskar Group), ownership and control issues (Apollo Tyres), challenges related to transfer of ownership and succession planning (Rollins Group), disputes over investment decisions (Wadia Group), conflicts between brothers (Hinduja Group), land disputes (Godrej), wrongful activities (Hiranandani Group), disputes arising from a bad faith agreement (Wave Group), unstable succession plans (Wipro), patriarchal issues (Murugappa Group), personal affairs (L’Oreal), ideological differences (Rothschild Bank), misplaced greed (Samsung), poor investments (Tata), disagreements over brand usage (Hero Motor Corp), and conflicts regarding control of assets and business conduct (Sanghi Group), among others.
Family Businesses

Bertrand and Schoar (2006) define family business as enterprises that are owned, controlled and managed by individuals who have familial relationships. These businesses not only provide financial support but also foster collaboration and collective effort to benefit both the family and the business (Vanauken and Werbel, 2006).

Family businesses play a significant role in global economies, representing approximately 65-80% of businesses worldwide (Gersick et al. 1997). Mandl (2008) reported that Europe had a prevalence of 70-80% family businesses in 2008, while the United States had 80-90% of family businesses contributing to a GDP of 26-64% (Astrachan and McMillan, 2003). In many capitalist countries, family companies control a substantial portion of the GDP (Shepherd & Dean, and J. Michael Haynie, 2009; Sharma et al. 2011). In India, family businesses account for around 90% of all businesses, making up a significant portion of the national output and employment, exceeding the global average of 80%. Furthermore, two-thirds of listed companies in India are family-owned. However, studies indicate that the typical lifespan of a family business spans three generations, and only 10% of them reach the third generation. This phenomenon is often described as “rags to rags in three generations” (Ward, 2004) or “shirt sleeves to shirt sleeves” (Balshaw, 2004).

Many family businesses, despite having a long history in business and trade, struggle to sustain their enterprises beyond a few generations (Forbes, 2010). Family businesses are particularly prone to conflicts (Harvey & Evans, 1994) due to the inherent overlap between family and business systems (Kellermanns & Eddleston, 2004). Conflict has been identified as a major cause of failure for family businesses worldwide (Beckhard & Dyer, 1983; Danes & Olson, 2003; Harvey, Cosier & Novicevic, 1998; Merwe & Ellis, 2007), and conflicts are prevalent in almost every family business.

Conflicts

Conflicts within family businesses are highly complex because they involve the intertwining of three interrelated components: the business, the family, and the ownership (Gersick et al. 1997; Tagiuri and Davis, 1996). In addition to the typical challenges that businesses face, family businesses must contend with their own unique interpersonal conflicts, such as differences in family and business values, sibling rivalry, discrimination and favoritism, inheritance issues, distribution of control among family members, remuneration of family members, and the preservation of non-family employees’ commitment (Eddleston and Kellermanns, 2007).

Conflict arises from disagreements between individuals, parties, or entities due to differences in ideas, values, perspectives, thoughts, opinions, or attitudes. Vokic and Sontor (2009) define conflict as an inevitable aspect of human activity that arises when the interests of two or more individuals appear to be incompatible and when individuals or groups perceive that others are hindering them from achieving their goals.

Conflicts tend to escalate in a sequential manner, often referred to as a spiral or escalation ladder. Similar to a tornado, conflicts become stronger and more challenging to resolve as they escalate. The spiral can be divided into two zones: the Covert zone and the Overt zone. In the Covert zone, conflicts are not openly acknowledged and may manifest as tolerance, rumors, gossip, non-cooperation, theft, and sabotage. The Overt zone, on the other hand, involves open conflict in the public domain, characterized by nagging, complaining, anger, blaming, arguments, critical incidents, selective perception, involvement of others, linking of multiple issues, the use of provocative language, formal complaints, threats, formal actions, provocation, retaliation and even violence.

Conflicts can have both positive and negative consequences. On one hand, conflicts can enhance effectiveness, improve productivity, foster innovation and creativity, stimulate ideas, prevent hasty agreements, promote greater participation, and have a positive impact on firm performance (Eddleston and Kellermanns, 2007). However, conflicts can also escalate to a damaging stage, which is widely recognized as the primary cause of destruction and failure in family businesses (Harvey et al. 1998).
Forms of Conflict

Conflicts in family businesses arise from various causes, including group identification and intergroup bias, interdependence, power differentials, ambiguity, scarcity of resources, differences in status, cultural differences, succession issues, jealousy, nepotism, unfair processes, and unfair inheritance. These sources of conflict give rise to three main forms of conflict, as identified by Jehn and Mannix (2001): relationship conflict, task conflict and process conflict.

Relationship conflict refers to interpersonal tensions between individuals that stem from their personal relationships rather than the tasks or roles they perform. Relationship conflict hampers performance by diverting attention away from work execution and towards efforts to reduce coercion, political maneuvering, and alliance formation. In family businesses, relationship conflicts are particularly challenging as they tend to persist over time due to the ongoing connections among family members. These conflicts often manifest as bitterness, tension, hostility, and the perception that others have antagonistic intentions (Simons and Peterson, 2000).

Task conflict revolves around tensions and disagreements regarding the nature of the tasks that different individuals work on. It involves contrasting opinions and views on goals and technical aspects related to these tasks.

Process conflict involves disagreements about how work should be accomplished, such as differing approaches or methods for completing tasks.

To effectively resolve conflicts, it is crucial to diagnose them accurately, just like diagnosing an illness to manage it properly. Proper diagnosis enables understanding of the underlying causes and dynamics of the conflict, facilitating targeted resolution strategies.

Conflict Diagnostic Model

Conflicts should be diagnosed and understood through different parameters based on dimension, resolution easy to difficult.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Difficult to resolve</th>
<th>Easy to resolve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue in question</td>
<td>Matter of principle</td>
<td>Divisible issue</td>
</tr>
<tr>
<td>Size of stakes</td>
<td>Large</td>
<td>Small</td>
</tr>
<tr>
<td>Interdependence of the parties</td>
<td>Zero sum</td>
<td>Positive sum</td>
</tr>
<tr>
<td>Continuity of interaction</td>
<td>Single transaction</td>
<td>Long term relationship</td>
</tr>
<tr>
<td>Structure of the parties</td>
<td>Amorphous or fractionalize with weak leadership</td>
<td>Cohesive with strong leadership</td>
</tr>
<tr>
<td>Involvement of third parties</td>
<td>No neutral third party available</td>
<td>Trusted, powerful, prestigious, neutral</td>
</tr>
<tr>
<td>Perceived progress of the conflict</td>
<td>Unbalanced: one party feeling the more harm</td>
<td>Parties having done equal harm to each other</td>
</tr>
</tbody>
</table>

Source: Greenhalgh (1986:47)
Strategies for Getting off the Conflict Spiral

According to Greenhalgh (1986), there are different strategies to get off the conflict spiral starting from Covert resistance to violence. Their spiral phase and respective reaction are as given below:

2. Overt resistance: Challenge nagging, whining, complaining, anger and arguments.
3. Critical incidents: Challenge the unthinkingly negative interpretation of events and words.
4. Selective perception: Challenge filtering or distorting perceptions of events and words.
5. Enlisting support of others: Resist being recruited to an unthinking in-group, challenge those who wish to recruit.
6. Issue linkage: Challenge whether issues really are linked.
7. Hot button words: Challenge the unthinking use of words and labels.
8. Threats: Challenge the use of intimidation, pressure and bullying.
9. Action: Encourage healthy structured actions, monitor to ensure transparency and effectiveness.
10. Provocation: Challenge interpretation of events and words, resist or ignore incitement, hassling, needling and goading.
11. Retaliation: Refuse to retaliate, or retaliate at a less intense level than might be otherwise expected, and counsel others to do the same.
12. Violence: Refuse to be violent toward self or self-interests, deflect or arrest violence of others by bringing in authorized third parties, such as respected elders, friends or police.

Stages of Conflict

Conflict requires time to evolve and progresses through various phases. According to Louis R. Pondy (1976), there are five distinct stages in the conflict process:

1. Latent Conflict Stage: At the initial stage, conflict is not yet recognized or acknowledged, but the circumstances exist that can potentially trigger it.
2. Conflict Perception Stage: The second stage involves the recognition and awareness of the latent conflict by all parties involved. They become conscious of the existence of conflict.
3. Personalization of Conflict: In this stage, both sides involved in the conflict start to experience pressure and anxiety related to the conflict. It becomes a personal matter for them.
4. Manifested Conflict: The fourth stage is characterized by the outward display of conflict. Apathy, open hostility and the establishment of opposing rules and guidelines become evident.
5. Consequence Stage: In this final stage, the conflict either gets resolved, or an unsatisfactory solution is reached, which leads to the conflict reverting back to the latent conflict stage.

Conflict Management in Family Business Model

Source: Thomas (1992) and Robbins and Judge (2007)

The management of conflict depends on the level of assertiveness displayed by a party in addressing their own group or personal concerns, as well as their willingness to cooperate with the other party involved. The avoidance style exhibits the lowest level of cooperation with others and the least assertiveness in pursuing one’s own interests. This approach is often employed to evade the situation and minimize stress. On the other hand, the accommodating style involves complete cooperation with the other party without asserting one’s own concerns. The compromising style aims to strike a balance between assertiveness and cooperation, finding a middle ground that addresses both individual and shared interests. The competing style emerges when individuals attempt to impose their
will, desires, and perspectives on others, leading to competition within a group or family. Finally, the collaborating style arises when individuals work together to reach a mutually acceptable solution that satisfies all parties involved.

**Family Business Conflicts - Examples**

Succession battles among dynasties and internal conflicts within family branches have often been intense and driven by self-interest. In numerous cases, family wars have been characterized by fierce and passionate confrontations, as well as calculated and ruthless strategies aimed at achieving personal gains. Some conflicts have been marked by intense emotions and impulsive actions, while others have been cold and calculated, motivated by strategic or financial advantages.

**1. The Reliance Story**

The story of Reliance, a prominent Indian corporation, provides a classic example where the empire was divided into two factions following the founder’s demise without a will. This led to a prolonged and fruitless battle for dominance between his sons. Eventually, a resolution was reached through asset separation, paving the way for continued business success, but not without causing significant tension and animosity.

One of the most notable publicized business conflicts occurred within the Reliance narrative, involving two incredibly wealthy brothers vying for control over a vast business empire in India. Dhirajlal Hirachand Ambani, also known as Dhirubhai, founded the Reliance Empire. Dhirubhai, who was born on December 28, 1932, in a small village in the Indian state of Gujarat, hailed from humble beginnings as the second son of a poor school teacher. With an entrepreneurial mindset and a knack for spotting opportunities, Dhirubhai worked as an attendant at a Shell petrol station before becoming a clerk at an oil company.

Initially, he engaged in trading silver coins and used the profits to establish a trading agency called Reliance Commercial Corporation in 1958, involved in importing polyester yarn and exporting spices. In 1966, he inaugurated his first textile mill in Ahmadabad, and in 1970, he launched the company’s initial public offering. Dhirubhai removed his brothers Ramniklal and Natvarlal from the business, offering them substantial compensation, as they desired to divide Reliance among the three of them.

Mukesh, who had recently graduated with an MBA from Stanford University, joined his father’s business, while Anil, who completed his studies at Wharton Business School, joined in 1983. After suffering a stroke in 1986, Dhirubhai entrusted the day-to-day operations to his sons, although he remained the chairman of Reliance Industries Ltd (RIL), the parent company. Mukesh took charge of company projects and established new ventures, while Anil managed investments, financial markets, and corporate communications.

Dhirubhai passed away in July 2002 due to a stroke, leaving no will behind. Reliance Group accounted for 3% of India’s GDP. According to the Hindu Succession Act of India, Dhirubhai’s wife Kokilaben, along with their two sons and two daughters (Mukesh, Anil, Nina, and Dipti), inherited the Group’s assets.

The children signed a deed of release in favor of their mother, granting her rights over the entire estate. Mukesh oversaw Reliance Infocomm and Indian Petrochemicals, while Anil managed Reliance Energy and Reliance Capital.

In 2002, Mukesh faced a fund shortage and approached the board of RIL for assistance, which Anil opposed. As the board favored Mukesh, Anil expressed his discontent publicly. In June 2004, Anil became a member of Rajya Sabha, joining the Samajwadi Party, which greatly displeased Mukesh, as he was against any association of the Reliance Group with politics. The dispute escalated in July 2004 when RIL, in Anil’s absence, passed a resolution redefining the powers and authority of key roles in the business. Mukesh was appointed as the executive chairman, with Anil designated as the vice chairman and managing director. This gave clear leadership of the Reliance Group to Mukesh, with all employees, including Anil, reporting to him. While much was happening behind closed doors, the conflict suddenly became very public when Mukesh, in response to a reporter’s question on an Indian television channel, acknowledged the ownership issues and the possibility of a split between the brothers.
Eventually, in March 2005, Kokilaben intervened and sought the assistance of two prominent individuals, namely KV Kamath, the chairman of ICICI Bank, and Nimesh Kampani, the chairman of the Indian branch of a US investment bank, to mediate the conflict between her sons. Subsequently, in June 2005, Kokilaben made an announcement regarding the division of the Ambani family’s 34% ownership in the Reliance group of companies. This division would be executed using a 30:30:40 formula, granting Mukesh and Anil each a 30% share, while Kokilaben would retain another 30%. The remaining 10% would be distributed among her daughters, Nina and Dipti. As part of the settlement, Mukesh would maintain control over the original businesses encompassing oil and gas, chemicals, and textiles, while Anil would assume responsibility for the telecommunications, energy distribution, and financial service ventures. The brothers would exchange their existing shareholdings in each other’s companies and Anil would receive $1 billion in cash. Furthermore, Kokilaben insisted on both sons signing a 10-year “non-compete” agreement.

Every family prefers to keep their internal conflicts private, but in this particular case, the media had to pay close attention due to the significant impact of the brothers’ dispute on millions of investors. This narrative reflects the clash of strong personalities and highlights the foolishness of creating a situation where two ambitious individuals with equal drive are pitted against each other in a competitive environment. The outcome became a zero-sum game, where one’s gain came at the expense of the other.

2. Bata Shoe

Bata Shoe Company was founded in the town of Zlin in Moravia, Czech Republic, by Tomas Bata. With over a century of existence, the company continues to thrive, employing more than 40,000 people across 69 countries and selling over 200 million pairs of shoes annually. Following Tomas Bata’s death in a plane crash in 1932, his son Thomas Bata Sr was not yet ready to assume control of the company. As a result, his uncle, Jan Bata, took over leadership. However, when Thomas reached adulthood, he sought to take over the company. Despite his efforts, his uncle refused to relinquish the position, leading to a prolonged legal battle. Finally, in 1966, at the age of 47, Thomas Sr successfully took control of the company.

In 1946, Thomas Sr married Sonja Wettstein, a Swiss architect who became his business partner. Together, they embarked on rebuilding the Bata Shoe Organization from a new base in Canada. However, even in the face of fierce competition from emerging footwear giants like Nike and Adidas, they stuck to conventional business practices. Thomas Sr and Sonja had four children: Thomas George Bata (Tom Jr), Christine, Monica, and Rosemarie. Tom Jr pursued an MBA from Harvard Business School and gained industry experience by working for a rival shoe company. He eventually joined Bata and quickly ascended the corporate ladder. In 1984, at the age of 70, Thomas Sr stepped down, enabling 36-year-old Tom Jr to become the President and CEO of Bata Ltd. Despite holding the top position, Tom Jr’s decision-making authority was limited due to the dominant roles of his parents. Disagreements arose, and Tom Jr decided to leave the company, unwilling to engage in conflicts or work under their shadow.

The company hired a non-family president, Stan Heath, but his tenure was short-lived as he felt undermined and faced resistance. Bata operated without a CEO for three years until November 2001 when Tom Jr and his sisters decided to bring about changes in the company’s ownership structure. While Tom Jr was prepared to assume management responsibilities, an existing trust structure prevented direct control by the Bata family. Eventually, a new structure was established, allowing Tom Jr to become the CEO within a reconstructed seven-member board that included both family members and external individuals, with Sonja Bata holding a seat on the Bata charitable foundation board.

The Bata example demonstrates that even the most severe conflicts can be successfully resolved. This was made possible by maintain family unity and involving non-family executives, which played a crucial role in helping Bata overcome various crises.

3. Ford Family

Henry Ford embodied the epitome of American success, representing qualities such as hard work,
innovation, relentless determination in the face of challenges, and unwavering focus. Born in Dearborn, Michigan in 1863, Ford displayed a strong interest in engineering and dedicated countless hours to his inventions. Against all odds, he became one of the greatest entrepreneurs of his time and established the automobile industry in North America, ushering in a new era in industrialization.

Ford gained a reputation as a “mad genius” due to his obsessive personality, often taking sole credit for the company’s achievements without acknowledging the contributions of others. He revolutionized the concept of mass production in the automobile industry, which was later emulated worldwide. However, his insistence on producing only one car model made him oblivious to the rapidly changing market, allowing General Motors to seize market leadership from under his nose.

Despite being intelligent and occupying an executive position, Ford’s son Edsel Ford was always denied real power by his father. Edsel’s proposals for strategic changes to counter the rapid growth of GM’s Chevrolet brand were consistently rejected, as he feared his father’s wrath. Edsel, who loved his father, never had the courage to challenge or resist him and became a victim of Henry’s unpredictable behavior. Eventually, Edsel fell into alcohol addiction and passed away from cancer before reaching the age of 50.

The third generation of the Ford family, Edsel’s eldest son Benson and younger son Henry II, joined the company. Henry II possessed exceptional talent, which was recognized by his grandfather Henry Sr. However, the senior Ford reacted negatively, attempting to hinder his grandson’s progress and even preventing him from occupying his late father’s office. The battle for succession began in 1945 with an open confrontation between Henry II and Bennett, a non-family leader groomed by Henry Sr. Until then, the younger generation had avoided confronting Henry Ford, but they sensed that change was necessary. Eleanor, Edsel’s widow, who held over 40% of the company’s shares after her husband’s death, issued an ultimatum to Henry Sr.: either relinquish power or she would sell her shares. Henry’s wife Clara also sided with Eleanor to maintain family unity. Cornered, Henry reluctantly conceded to Henry II assuming the presidency of the company without interference from his side. As his business life came to an end, Henry publicly shed tears and, having nothing left to live for passed away at home on April 7, 1947 at the age of 84.

Ford maintains its connection to its family roots through minority family ownership, where a family member holds the position of chairman. However, this arrangement would only have been possible if Henry Ford had acknowledged that succession is a vital part of progress, requiring a shift in strategies to embrace new perspectives. Leadership and personality are intertwined and difficult to separate, similar to two sides of a coin. They possess both admirable qualities and imperfections. If it weren’t for the intervention of the two women, the company’s dynasty would have been utterly devastated by market forces. It was only the succeeding generations’ instinctual recognition of the need for change that ultimately saved the company.

4. The Gucci Family

A family that was once a thriving empire becomes a battleground for conflicting interests. The Gucci saga is a remarkable tale that concludes with the survival of the brand, but at the cost of losing the business. Today, the Gucci name is synonymous with one of the world’s most successful and glamorous fashion houses. Guccio Gucci, who grew up in a modest household in Florence, left his parents’ straw hat business behind and found work at London’s renowned Savoy Hotel. After four years, he returned to Florence with his savings, married Aida Calvelli, and together they had three sons (Aldo, Vasco, Rodolfo) and a daughter named Grimalda. Additionally, Guccio adopted Aida’s illegitimate son, Ugo. With his savings and investment from a partner, Guccio opened the first Gucci retail shop in Florence. He sourced high-quality leather products from Tuscan manufacturers, as well as Germany and England, to cater to the tourists visiting the city. Alongside the imported goods, Guccio also crafted his own leather goods in a small workshop behind the store and established a profitable repair business. His children, including Ugo, gradually became involved in the family business. Guccio, a strict disciplinarian with a strong personality, raised his children in an authoritarian manner.
At the age of 20, Aldo started working for the family business by delivering packages to customers on horse-drawn carts. He gradually became more involved and possessed the skills to propel the business forward, ultimately making Gucci a symbol of prestige and style in Europe and America. Rodolfo initially pursued a career as an actor and showed little interest in the family business until he faced setbacks in the entertainment industry. Eventually, he joined the family business. Over time, Guccio allowed Aldo to take on the role of the business leader, and by the time Guccio passed away, Aldo had become the driving force behind the company. Guccio, holding traditional beliefs, excluded his daughter Grimalda from inheriting shares in the firm. Grimalda and her husband had worked tirelessly to assist Guccio in his business endeavors, and upon discovering their omission from the inheritance, they were outraged. As the family leader, Aldo regularly met with his brothers Vasco and Rodolfo in Florence every few weeks to discuss business matters. Aldo’s two sons, Giorgio and Roberto, joined him in the New York office. However, Aldo’s third son, Paolo, often expressed his feelings without restraint and lacked diplomacy, causing Aldo to foresee challenges in dealing with his children. Aldo achieved great success as an entrepreneur, expanding the business, exploring new opportunities, and diversifying its ventures.

Following Guccio Gucci’s era, his son Aldo Gucci took the company to new heights and expanded its international presence. However, his own son and nephew did not share the same vision. They aimed to launch a high-end and eccentric fashion line, which Aldo strongly opposed. Nevertheless, Aldo’s son proceeded with introducing the line, resulting in significant losses for Gucci, not only in financial terms but also in terms of succession. This led to the boy’s exile from the family, and he later exposed his father’s tax evasion schemes, resulting in Aldo’s one-year imprisonment. Meanwhile, Paolo, Aldo’s son, and his cousin assumed control of Gucci’s management. When Paolo and his cousin took over the managerial board, they incurred substantial personal debts amounting to $40 million and nearly drove the business to bankruptcy. Under their leadership, Gucci’s value plummeted to a negative $17.3 million. Eventually, Investcorp intervened, ousting them and assuming control of the company.

This appears to be a familiar scenario reminiscent of the prodigal son, with the exception that in this case, the individual was ready to destroy their own home completely if it meant achieving their aspirations.

5. Hancock Prospecting

The dispute within the Hancock Prospecting family is widely recognized as the most significant one, primarily due to the substantial amount of money involved. Hancock Prospecting, an Australian mining leader holding the largest iron ore reserves and operating some of the world’s largest mining projects, was passed down to the founder’s granddaughter, Ginia Reinhart, who was under the executive leadership of her mother, Gina Reinhart, the daughter of Lang Hancock. Out of Gina’s four children, three have contested for control and ownership of the company, while the only one remaining loyal to Gina is her youngest daughter, Ginia, who is the designated inheritor of the company. Currently, Gina still holds over 75% of the company’s ownership, while approximately 23% is held in a Trust Fund established by Lang Hancock. It is understandable that all of Gina Reinhart’s children desired involvement in the company’s multi-billion-dollar operations. However, their desire does not justify engaging in a public conflict over a provision outlined in their grandfather’s will or battling against their own mother.

6. L’Oreal

The daughter of the founder, Liliane Bettencourt, engaged in a public dispute with her daughter, Francoise Bettencourt-Meyers. Francoise was concerned that her mother was irresponsibly using her wealth and placing undue importance on her relationship with Francois-Marie Banier, a man she started dating shortly after her husband’s death. Liliane had given large sums of money and valuable artworks to Francois-Marie, which alarmed Francoise regarding her mother’s mental state. As a result, Francoise decided to press charges against Francois-Marie for taking advantage of her mother. The situation quickly escalated and became highly
publicized, remaining contentious for many years. To help resolve the conflict, Bettencourt-Meyers was appointed as the guardian of the family fortune, and her son joined the L’Oreal board. This action partially alleviated the tension. It would have been more appropriate for Francoise Bettencourt-Meyers to address her concerns about her mothers personal life privately rather than making them public.

7. Rothschild Bank

The Rothschild Family has long been at the center of numerous captivating conspiracy theories. They have been rumored to possess immense wealth and exclusive access to undisclosed technology, leading to suspicions that they control a significant portion of global trade, assets, and more. Therefore, when a familial dispute emerged within this renowned dynasty, it garnered significant attention from the public. Sir Evelyn de Rothschild and Jacob Rothschild engaged in a heated argument regarding control over their family’s London-based Rothschild Bank. The potential consequences of this fallout could have been extremely severe had the situation escalated further. However, Jacob Rothschild decided not to wait for the situation to worsen. Instead, he made the remarkable choice to depart from the family business and establish his own venture, widely recognized as the Rothschild Investment Trust (RIT), which has gained significant renown as one of the most prominent investment trusts in the United Kingdom. It is noteworthy that Jacob’s choice reflects his determination to embark on a new path, despite the potential challenges he could have encountered along the way.

Conclusion

However, in recent times, family-owned businesses are challenging this trend by closely examining structures and mechanisms that would facilitate long-term sustainability for their enterprises. Strong governance, effective communication channels, and well-defined structures are now indispensable for the survival of these businesses, and they are being embraced not just for compliance purposes but with genuine commitment. Measures such as adopting fair treatment policies for all family members, fostering clear and transparent communication within the family and with stakeholders, separating crucial business matters from family issues, establishing platforms for communication and raising concerns through family forums based on policy-driven family governance outlined in agreements, charters, or constitutions, and cultivating shared understanding of ownership rights are all key. Finally, a well-defined conflict resolution mechanism can ensure that differences are addressed before they escalate into major problems, safeguarding the business’s interests.

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