

MEMBER PROFILE AND TRENDS RESEARCH REPORTS



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TAIDER Member Relations
Committee President
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Family businesses are the pioneers of the economy both in the world and in our country. Reflection of the leadership and entrepreneurial power of our family companies in development and change not only in the economic field, but also in many social and environmental areas, gains more importance and value, especially in this extraordinary period we live in. How the structuring, future plans and trends of family businesses are in transformation can be revealed by comprehensive researches that will be repeated at regular intervals over the years and studies to be carried out for this purpose will guide the sustainable growth of family businesses.

We are pleased to share with you the results of the TAIDER Member Profile and Trends research, which we believe will open new areas of focus with measurable results, which our association has been working on throughout Turkey with the understanding of “Unity in the Family, Sustainability in Business” since 2012. Our research, which was implemented as a project of TAIDER Member Relations Committee, examines closely the structuring of family businesses that are members of TAIDER in the dimensions of “Family, Business and Partnership” that intersect with each other, the leadership and transfer processes, the institutionalization steps of the business and the family, and their concerns and plans for the future. 201 TAIDER members, who have been operating for an average

of 44 years and affiliated to family businesses from many different sectors, participated in our research. I would like to thank all participants and members of the TAIDER Member Relations Committee research Study Group for their valuable contributions from the content design of the research to the preparation of the report, and Dr. Yusuf Soner for his support.

When we examine the results of our research, we once again proudly see the potential of our Association's valuable members, which aim to benefit the development of family businesses through learning and sharing methods from each other, to become a role model for family businesses on their path to becoming sustainable. We sincerely hope that our research findings will guide the growth and sustainability efforts of family businesses in Turkey...



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- Family businesses participating in the TAIDER Member Profile and Trends Research have been operating for an average of 44 years, and half of them lead the II. generation. According to the results of the research, it was seen that TAIDER members had an institutionalization rate beyond the general average.



- ① Their board of directors and executive boards are actively involved.
- ① Great progress has been made in terms of professionalization.
- ① Their decision mechanisms work with consensus.
- ① While the target is given as 30% in non-governmental organizations, the rate of participation of women in the board of directors of TAIDER members is 31% and it is aimed to increase this rate even more. Given that three of our four presidents so far have been women, TAIDER's success in this aspect is remarkable. The ratio of women senior managers is also above the average.



31% Ratio of
Women in Boards

🕒 The two most important issues for the future plans of TAIDER member family companies participating in the research appear to be Succession Planning/Transfer to Next Generation and the completion of the Family Constitution. Similar to the institutionalization of the business, institutionalization in the family is attached high importance.



🔄 While the title of institutionalizing the family stands out in the future threats of our family businesses, the processes of assignment of new family members, family conflicts, and the transfer of leadership are also seen as the other biggest threats. The areas of risk taking, innovation, delegation of authority, supervision and professionalization, which are related to the institutionalization of the business, is in the second place. In the third place, external factors are seen as a threat. It is remarkable that the institutionalization of the family is seen as the biggest threat and the main agenda.



PURPOSE

The purpose of TAIDER Member Profile and Trends research prepared by TAIDER based on the slogan “Unity in the Family, Sustainability in Business” is to;

- 01 Access up-to-date demographic data about TAIDER member profile,
- 02 Reveal the Family-Business-Partnership structures and institutionalization tendencies of TAIDER members, learn their expectations from business life and the future, determine development areas for needs and create a roadmap for future TAIDER training and events,
- 03 Contribute to the sustainability studies of family companies by sharing the statistical data obtained after the research with the public both in reports and infographic and increase awareness about the works in this field among Turkish family companies.

The scope of the research consists of the following topics;

- ① Profile of the interviewee
- ① Profile of member organizations
- ① Board structure
- ① Opinions on leadership and leadership transfer
- ① Expectations for the future
- ① Evaluations onTAIDER

Within the scope of the research, data was collected through an online questionnaire sent to TAIDER members. Data collection study took place between May 2-July 3, 2020. 201 people from 115 different family businesses that are members of TAIDER participated in the research. The data transferred to the SPSS statistical analysis program were checked and comparatively analysed and reported. In the design and implementation, we worked with Infakto Research Workshop and the reporting was made by TAIDER.

PROFILE OF TAIDER MEMBERS PARTICIPATING IN THE RESEARCH

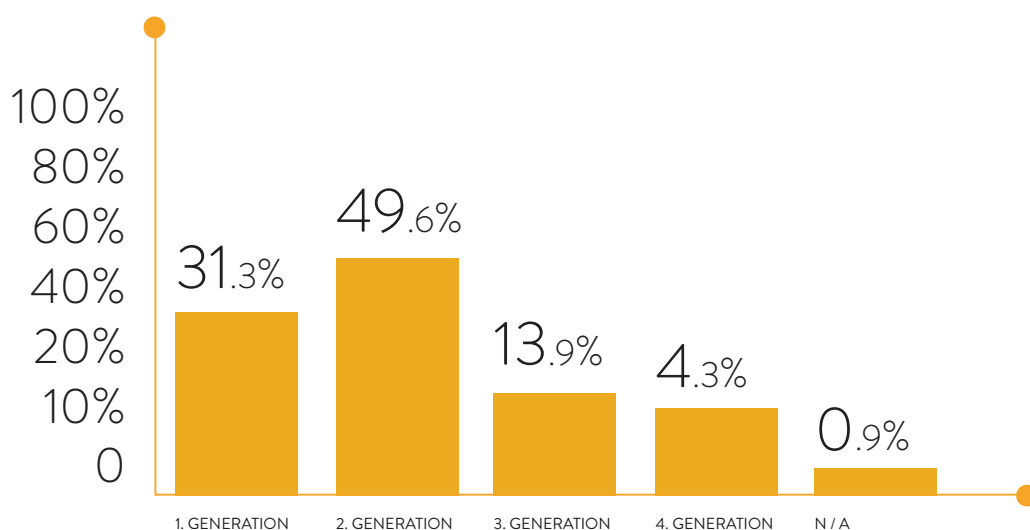
When we examine 115 family businesses participating in TAIDER Member Profile and Trends research, it is seen that they contain the following characteristics;

🕒 The family companies participating in the research have been operating for an average of 44 years.

In most of these companies, the transition from the first generation to the second generation has been completed. In some family businesses, there has been a transition to the third generation.
events,



- 🔄 In 50% of businesses, the second generation are leaders. In other words, the transition from the first generation to the second generation is complete in half of the businesses. In some family businesses (14%), there has been a transition to the third generation.
- 🔄 $\frac{2}{3}$ of the leaders have been holding this post for 20 years or more.
- 🔄 According to the questionnaire results, although the leadership of the family does not change in the transition from generation to generation, the leader of the business changes and the number of leaders increases.



GENERATION LEADING A FAMILY BUSINESS

When we look at the responses of 201 family business members who participated in the questionnaire, it is observed that they have the following characteristics;

- The TAIDER members participating in the research are predominantly around the age of 50; and 48% female and 52% male.
- 95% of the participants have a previous university undergraduate.
- 53% of the participants represent the second generation and 26% represent the third generation.



- The average work experience of the members participating in the research is 20 years or more. Participants, who spent an average of 17 years of this period in their family businesses, worked outside of family businesses for an average of three years.
- Participants are 56% on the board of directors, 30% on the executive board, and 13% on both the executive board and board of directors.



AVERAGE WORK
EXPERIENCE



IN FAMILY
BUSINESS

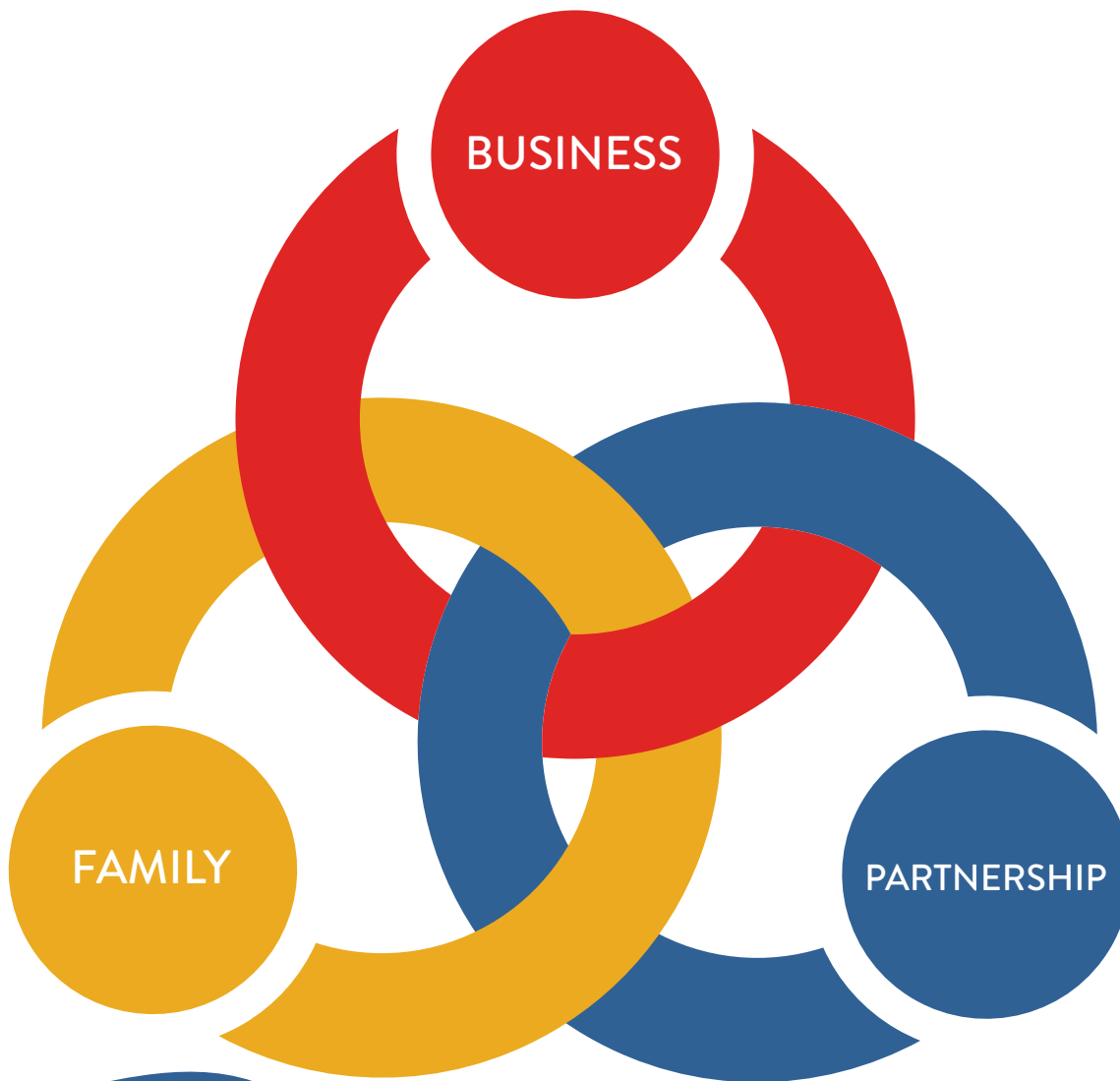


OUTSIDE OF
FAMILY BUSINESS

Family businesses are a system with three components that are Family-Business-Partnership. The harmony of these components is necessary for the success of the family business system. The evaluation report of this research has been prepared with the “Three Circle Model” perspective.



THREE CIRCLE MODEL

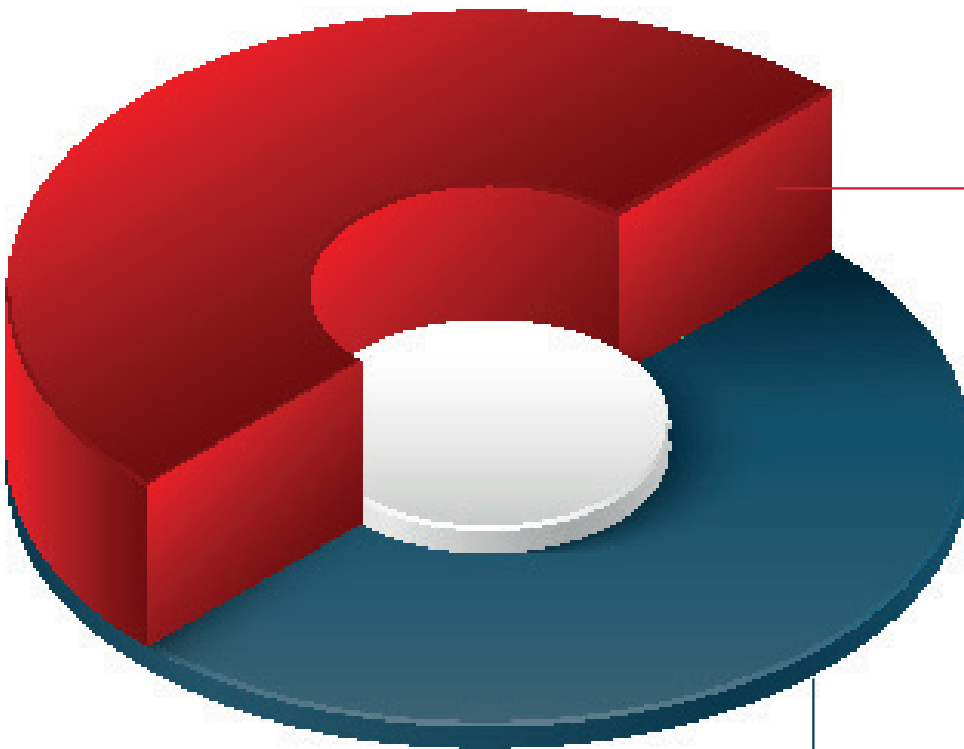


- Family leadership and business leadership positions are separate at the rate of 53% and the same person at the rate of 47%.
- Even if the business leadership is transferred, it is seen that the senior member of the family continues to lead the family.
- Women and men are given an equal opportunity (67%) to participate in the company.
- Young members of the family, on the other hand, are introduced to work at early ages (65%) in order to be warmed up to work.



53%

Family and Business Leaders Are Different



47%

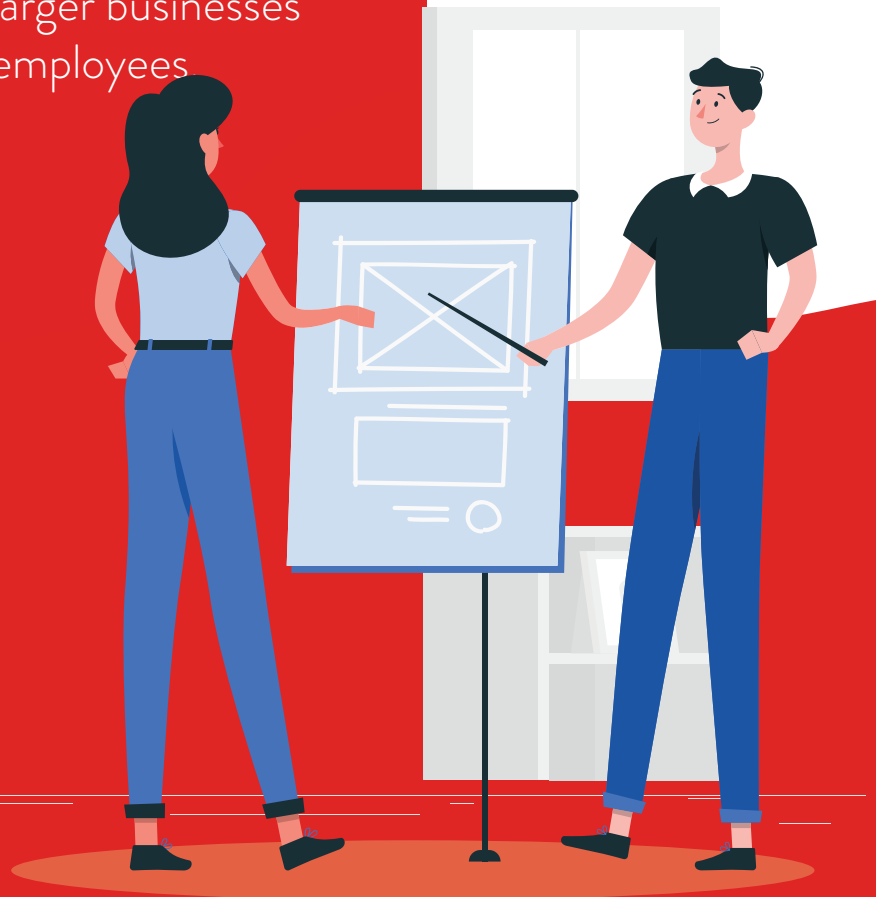
Family and Business Leaders Are Same



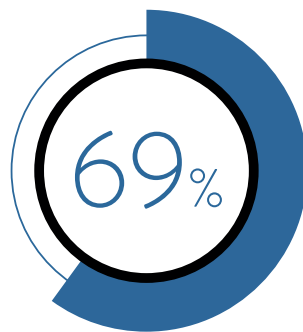
TAIDER member family companies, with an average age of 44, operate at $\frac{3}{4}$ per cent in industry and $\frac{1}{4}$ in services sector.

Most of the family companies participating in the questionnaire (53%) are businesses that generate a consolidated turnover between 100 million TL and 1 billion TL, and 40% are businesses with a turnover below 100 million TL. Businesses generating a turnover of more than one billion TL are 5%.

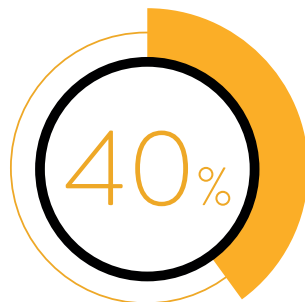
A similar distribution is observed when the employment figures are examined. Businesses with more than 250 employees in family businesses are 51%. 12% of these are larger businesses with more than 1000 employees



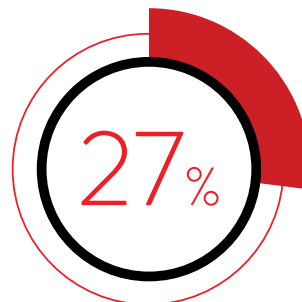
- 48% of the participants think that they should diversify their family business by investing in new areas in the next period.
- In 69% of the enterprises, the board of directors works effectively and in 40% this is the executive board. The ratio of the board of directors with non-executive members is 27%.
- A very high percentage (90%) of the member businesses have at least one operation in Istanbul and/or Izmir.



BOARD OF DIRECTORS



EXECUTIVE BOARD



NON-EXECUTIVE DIRECTOR

🕒 In the family businesses participating in the questionnaire, the shares are generally (60%) held by the elementary family.

60%

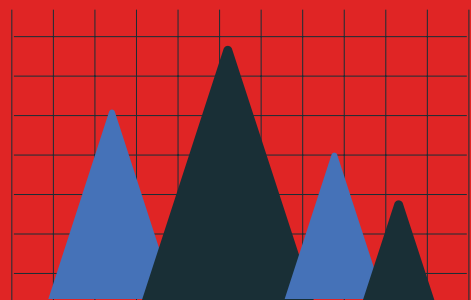
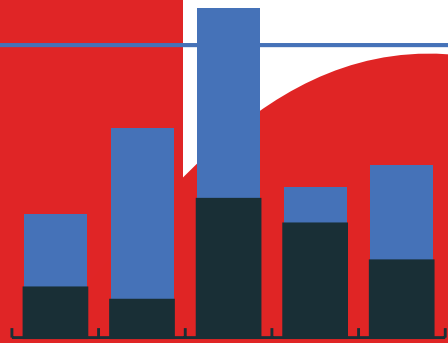
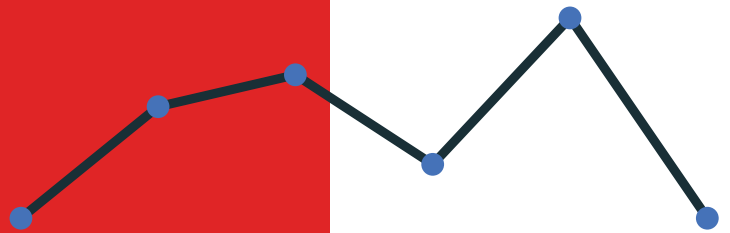


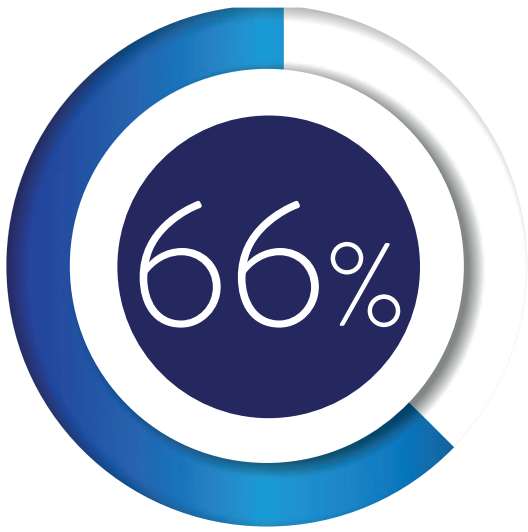
- 🔄 The number of family members who are shareholders is generally less than five (79%).
- 🔄 Company shares are generally (81%) controlled by the family.
- 🔄 In non-family partnerships, the domestic shareholder rate is 13%, the foreign shareholder rate is 4%, while the free float rate is 3%.



Institutionalism of the Business

- 🕒 Most of the family businesses (66%) participating in the questionnaire see themselves on the path to institutionalization.
- 🕒 The rate of those who think that they have been institutionalized is 23%.





COMPANIES ON THE PATH TO INSTITUTIONALIZATION



COMPANIES WHO THINK THEY HAVE BEEN INSTITUTIONALIZED



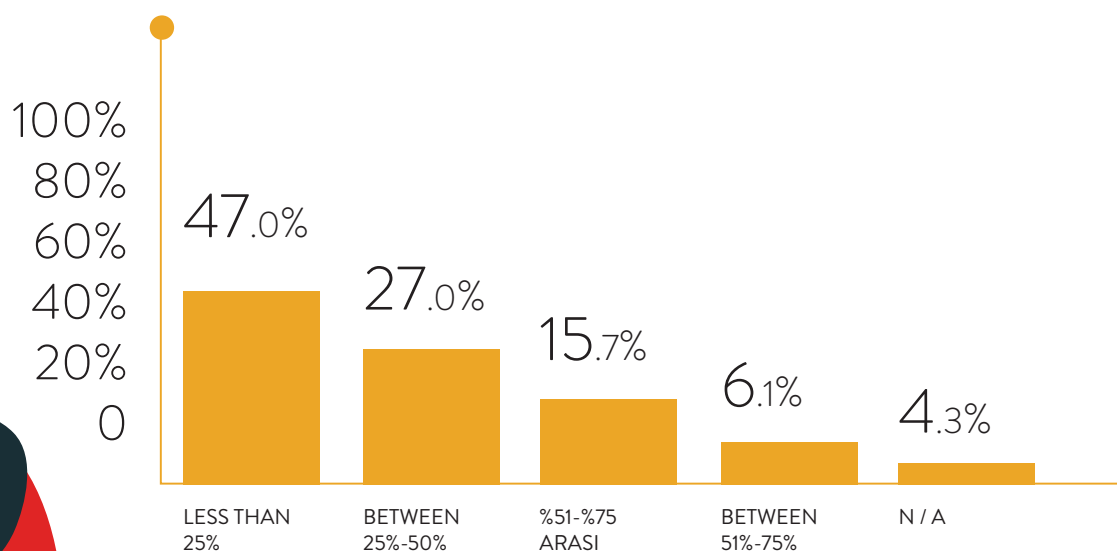
Board of Directors

- 🕒 The rate of enterprises stating that non-family members consist more than 25% among the members of the board of directors is 40%. This situation, which is twice the family ownership rate in shares, is positive in terms of hearing out-of-family ideas on boards of directors.
- 🕒 The chairmen of the board of directors are generally (89%) family members.
- 🕒 On average, 31% of the members of the board of directors are women.



🔄 The rate of women among senior managers is on average 26%. Considering that TAIDER members operate in sectors with a focus on manufacturing, it is clear that the role of women is very different from that of Turkey in general. More than 25% of senior management in 42% of participating companies are women managers.

🔄 In about half of the companies that are members of TAIDER, more than 1/4 of the board of directors' members are women. In addition, in 22% of the member companies, more than half of the board of directors' members are women.



RATE FOR WOMEN BOARD MEMBERS

07 INSTITUTIONALIZATION INDICATORS

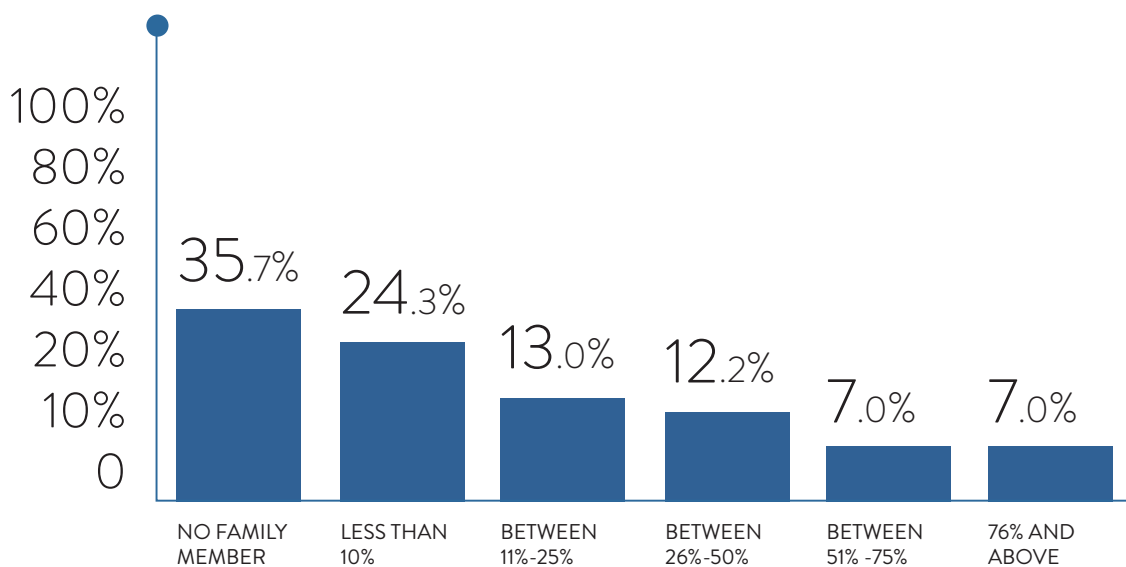


Decision-making Mechanism

According to the data indicating the prevalence of consensus culture in boards of directors, decisions are taken by consensus of 34% and unanimous by 29% of the board of directors of family businesses participating in the questionnaire.

Professionalization

The rate of businesses with no family members or less than 10% among senior managers is 60%.

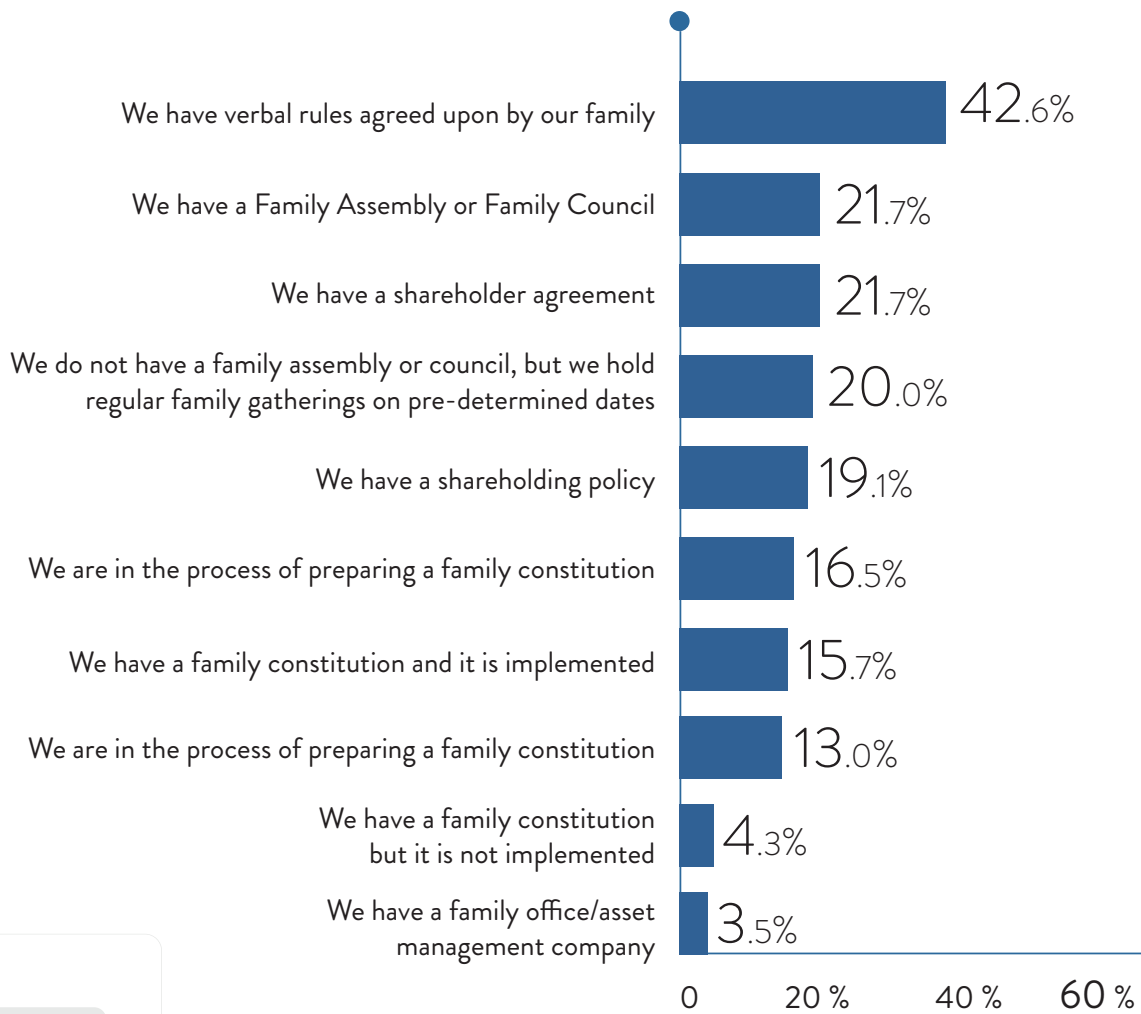


RATIO OF FAMILY MEMBERS IN THE TOP MANAGEMENT TEAMS

Institutionalism of the Family

- 🕒 The majority of families (72%) have spoken or written rules that are agreed upon.
- 🕒 Families come together formally and informally.
- 🕒 Shareholder agreement policies are found in a significant proportion (41%).
- 🕒 $\frac{1}{3}$ of the members has taken the family constitution into effect or has started to prepare it.





Transfer Process

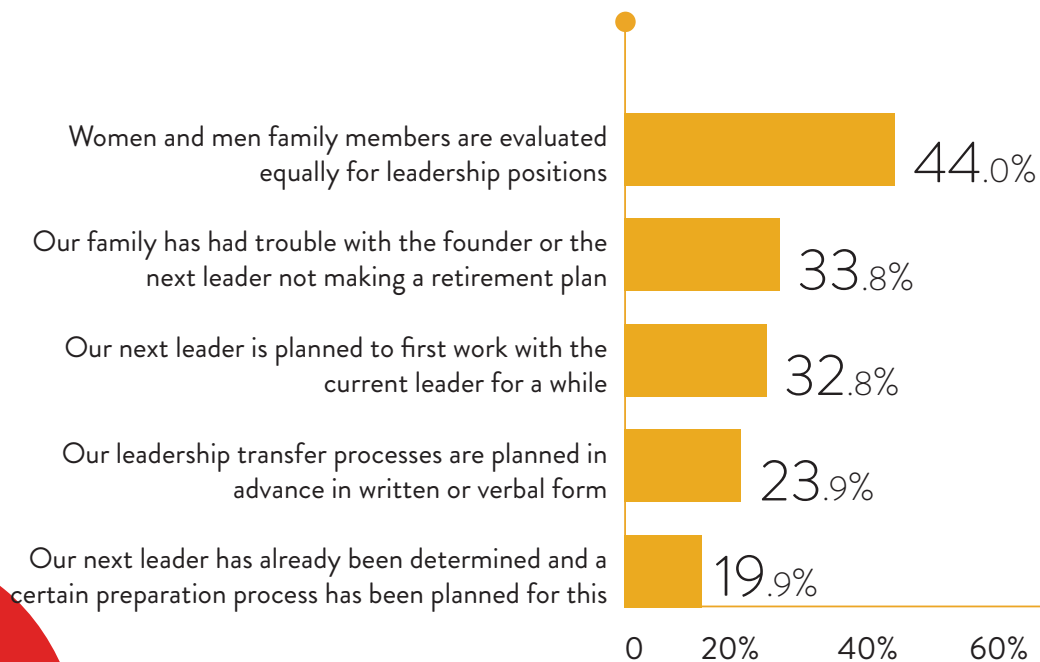
🕒 65% of the participants stated that their leaders worked in family businesses for an average of 21 years or more.

🕒 The emergence of discomfort due to the inadequacy of the transfer process planning was experienced in $\frac{1}{3}$ of the family companies participating in the survey.



🔄 Approximately 60% of our companies stated that they are not worried about the future generations being able to manage their family businesses in the best way.

🔄 In order to prevent these troubles, determining the leader or leader election process in advance and ensuring that the new leader and the old leader work together have been adopted by 25% of the enterprises.



- 83% of the TAIDER member family companies participating in the TAIDER Member Profile and Trends Research have been operating for more than 25 years and 36% for more than 45 years.
- Considering their main activities, $\frac{3}{4}$ of the companies that are observed to operate in different fields are active in the industry and $\frac{1}{4}$ is active in the service sector.
- 53% of the TAIDER members participating in the research are the second generation and 75% of them are currently working in their own family companies.
- The TAIDER members participating in the research are predominantly around the age of 50; and 48% female and 52% male.
- 95% of the participants have a previous university undergraduate or graduate education.
- The average work experience of the members participating in the research is 20 years or more. They have spent an average of 17 years of this period in their family business.

- 🔄 While most of the family companies participating in the research (53%) are companies that generate an annual consolidated turnover of 100 million TL to 1 billion TL, when the number of employees of these family companies is considered, the companies with 250 or more employees are more than 50%.
- 🔄 A very high percentage (90%) of the member businesses have at least one operation in Istanbul and/or Izmir.
- 🔄 When TAIDER was required to rank the types of events according to their benefits, the ranking of the participating members emerged as family gatherings, panels and seminars, national summits, online events and joint events with other institutions.
- 🔄 37% of the participating members have served in the committee/provincial representative of TAIDER or in the Board of Directors in the past and/or are currently holding a position.
- 🔄 19% of the participants desire to take part in the TAIDER Now-Gen Committee, 17% in the Sustainability and Social Responsibility Committee and the Next Generation Committee, and 16% in the Academy Committee.
- 🔄 57% of the participants reside and/or work in Istanbul, 43% in Izmir, 12% in Bursa and 10% in Ankara.

The results of the TAIDER Member Profile and Trends Research reveal the development of TAIDER's common platform for family businesses through learning from each other, while also giving the message of some development areas. The steps taken by TAIDER member businesses, striving to raise awareness with the mission of leading family businesses in our country for generations with the discourse of "Unity in the Family, Sustainability in Business", in understanding and managing the dynamic relationship between the dimensions of Family-Business-Partnership correctly, and the progress they have made in order to successfully transfer them to future generations and to institutionalize the family and the business can be seen in the questionnaire findings.



More effective contributions will be made to the sustainable growth of family businesses by planning the development areas pointed out by the questionnaire results in activities and trainings where TAIDER member family companies come together.



The proportion of women who have a prominent place in business life, has emerged as 31% in boards of directors and 26% in senior management positions. The importance attached to the effective management of the Family-Business Partnership dimensions together with the institutionalization of the business and the family is remarkable. The active work of board of directors and executive committees, making decisions with a culture of consensus, steps taken in professionalization, planned approaches for the engagement of new generations, family constitutions, formal and informal family meetings and structuring, and many other steps show the progress made in the direction of institutionalization.



It would not be wrong to say that TAIDER members are businesses and individuals who have progressed above the average in the aforementioned issues and plan to go further.

In this sense, the potential of members to develop themselves and become role models for other businesses that share the same priorities is exceptionally promising in line with the sustainable growth goals of family businesses.



Similar to the institutionalization of the business, it is seen that very high importance is attached to institutionalization in the family. The most important agenda topic for member businesses seems to be succession planning/transfer to next generation and the completion of the family constitution.



Member family businesses list the topics related to the institutionalization of the family such as the appointment of new family members, intra-family conflicts, and the transfer of leadership as the biggest threats, while the topics in the institutionalization of the business, innovations, delegation of authority, supervision and professionalization are in the second place. In the third place, external factors are seen.

It is remarkable that the institutionalization of the family is seen as the biggest threat and the main agenda.



Agenda items such as maintaining the current status and investing in new initiatives, which are among the priorities of families, should be evaluated correctly. This research was conducted in an extraordinary time during the COVID-19 pandemic.

It would be more accurate to repeat and compare priorities such as families' business goals and future plans in a more ordinary period.



Considering other development areas pointed out by the survey findings, issues such as the following come to the fore; in order to increase the motivation for sustainable growth in family businesses and to meet the needs that may come with growth, the role and functioning of the management boards, different partnership structures, structuring and institutionalization of the family and planned leadership periods and transfer processes.





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