FROM “SEYYIDS” TO “CORPORATE BOARD MEMBERS”: BUREAUCRATIZING
“FAST FORWARD” UNDER THE IMPACT OF GLOBALIZATION

by

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Submitted in partial fulfilment of the requirements
For the degree of Doctor of Philosophy

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May, 2010
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To Sevgi and Lucas
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Acknowledgments

I am grateful to the members of two organizations. The members of the research site, specifically the leader, created a very interesting case of a successful business and generously embraced me as their *hodja* (teacher). I feel lucky and proud to have participated in the making of such an extraordinary business experience.

The members of Case Western Reserve University, specifically the community of knowledge I was affiliated with during my studies, offered me a diverse set of theories and methods. I utilized them in making “academic” sense of my experience with the research site, yet another extraordinary learning experience.

My special thanks go to the members of Sabanci University, Faculty of Management, who contributed to the process by keeping me in shape while I was working on my dissertation.

All that I hope at the end of this endeavor is that the readers of my study will say, “Yes, that is interesting.”
From “Seyyids” to “Corporate Board Members”:
Bureaucratizing “Fast Forward” under the Impact of Globalization

By
DENIZ M. KIRAZCI

Abstract
The transformation from kinship to rational-legal bureaucracy as the organizational basis of economic enterprise is a major historical change that happens across social groups and across time. How does rational authority acquire meaning at the organizational level? How do the actors engaged in the process make sense of the transformation? The present study is a cultural case analysis of how a small, traditional firm managed to transform itself into a four billion dollar global bureaucracy from 1997 to 2007: an extreme case of fast forward transition under the impact of globalization.

Following Weber, the organization’s growth is construed as a process of bureaucratizing, revolving around a shift from traditional to rational legal constructs as the basis of legitimate authority. While technological forces are acknowledged, the focus is on bureaucratizing as a social construction, built with inputs from multiple cultures which are themselves comprised of heterogeneous, fragmented, and often contradictory sets of ideas and practices.

The research was conducted using a case study methodology. Data sources included the observations of the researcher, both structured and informal interviews with
the leaders and other powerful members, and company documents such as executive committee minutes and decisions.

A major conclusion is that organizations managed by traditional cultures have advantages and disadvantages when seeking to modernize. Kinship structure allows for rapid and efficient coordination among in-group members. However, in-group traditions and particularistic ties among those members make it difficult for them to legitimize influence from professional strangers when it is not couched in traditional terms, even when such influence is critical for success. Thus the challenge of going modern for these organizations is the challenge of mutual adaptation among traditional and modern actors. The study shows how innovative use of cultural repertoires reinforces the success of the adaptation process and the generation of organizational capacity for sustainable growth.
Preface

A Personal Note

There is a personal history behind my decision to conduct the research I did for my dissertation. I first met the executive group of “Wholesale Distribution European Holding, Inc.” at a “search conference” I managed for them in 1999. I was self-employed as a management consultant then, doing Emery-type (Emery, 1993) large scale participative strategic planning workshops (search conferences), participative design workshops and consultancy work inspired by Edgar Schein’s process consultancy approach (Schein, 1998). I was an associate to a consultancy firm run by a Wharton PhD professor who was a student of Eric Trist and Fred Emery.

After the search conference, the chairman, the leader of the owning family, invited me to submit a management development plan with a focus on total quality management. The Business Excellence Model, a European total quality management approach, was a management fad in the 90s in Turkey. I had a reputation for championing the movement and leading a major business group through successful projects which won both the Turkish and European quality awards. I accepted the chairman’s offer and worked with Wholesale Distribution European Holding Inc. for two years—until I left for graduate studies in August 2001—devoting almost all of my time to them, doing numerous participative workshops, training sessions, and meetings, and attending executive meetings as an observer; it became a full time occupation for me.

During my encounter with Wholesale Distribution European Holding, Inc., I was amazed by the social richness, diversity, and complexity of the organizational context. It
was like a fast forward movie of a transition that had taken centuries in some parts of the world: in ten years’ time the leading members of the organization transformed what had been a rural, traditional mindset—managing a local small business—into a “modern” mindset in the process of creating a large international enterprise. It was a success story of spectacular growth from a very small market share and turnover to an international business with four billion dollars turnover. I was puzzled by many aspects of the process. For example the executives of the organization would not necessarily adopt the results of a specific workshop; nevertheless they would attend with enthusiasm and joy. It was this feeling of ambiguity that triggered my curiosity, and that is why I ended up doing graduate studies. I wanted to understand and be able to explain more of what was happening in that organizing process; I wanted to expand my knowledge that was constraining my further explorations. And during my graduate studies, everything new I learned, I would put to a test to whether it had the capacity to explain more of some aspect of life at Wholesale Distribution European Holding, Inc.

I returned to Istanbul in 2004 after I had qualified for dissertation research and became a Ph.D. candidate. I was again offered a position by the chairman. I started working as an executive, a stranger professional (SP) responsible for one of the family’s new investments separate from wholesale distribution. My office was on the same floor, within the core business of wholesale distribution where I could carry on with my observations, but without participating in the process this time, except for occasional work such as a search conference for the secondary product distribution in 2005 and a “participative macro design workshop” in 2006.
After flirting with several topics for my dissertation, I decided to marry the love of my (work) life. After all, it was specifically my passion for understanding and explaining more about organizing phenomena—with Wholesale Distribution European Holding, Inc. in mind—that led me to graduate studies and the “proof of the pudding” was in seeing if it really happened. It was a challenge for me, and I took on that challenge by embarking on the present study.

A Note on the Background

When the Swedish Academy awarded The Nobel Prize in Literature to Turkish novelist Orhan Pamuk in 2006, the Academy portrayed Pamuk as a writer “who in the quest for the melancholic soul of his native city has discovered new symbols for the clash and interlacing of cultures” (Nobel Foundation, 2010). I am a member of the same generation who aspires to discover things anew that will lead to a different way of thinking about our human paradoxes created by cultural differences.

Turkey is a society at a crossroads, geographically located, both in the “west” and the “east”. The Bosphorus in Istanbul runs between the continents of Asia and Europe. As a predominantly Muslim nation, Turkey is at the threshold of becoming a full member of the European Union. The boundaries that define Turkey were once located in part of the Ottoman Empire ruling most of Eastern Europe and the Middle East. Modernizing efforts in the Ottoman Empire started early in the 19th century. After the end of the First World War, the Ottoman Empire ended, and within the new boundaries that defined Turkey, modernization efforts intensified. Since the early years of the republic that was proclaimed in 1923, the nation state of Turkey has been a secular democracy that has emulated and adopted many European laws, institutions, and lifestyles. Cross-societal
emulation of advanced institutions happens everywhere, including among “western” countries. The Republic of Turkey is still preoccupied with the tension created by the introduction of modern social patterns that are in contradiction with traditional elements inherited from the Ottoman Empire. The European Union was a solution to avoid wars among the different cultures of Europe, and Turkey is aiming to become a full member of that meta-integration, expecting to end its own wars of cultures.

The organization the study will investigate is relatively very small compared to the nation and the focus is confined to the business sphere. Nevertheless the study will explore how the tensions between cultural differences are successfully resolved, which hopefully will inspire new ways of meaning making of our human relations at any level of analysis.
Prelude: A Wedding Ceremony

Dear guests, I am very excited. The bride and the groom are my colleagues; I am happy that I contributed to making it possible for them to get to know each other. I see them as my children, if their parents allow me of course; in fact they have trusted me with them. Soon they will give us healthy grandchildren, and in the future we will continue our business with them. That is what we expect from the couple; and that is why I am happy.

The chairman of the board delivers a very short speech as one of the ceremonial witnesses at the wedding ceremony of the general manager (CEO) of Wholesale Distribution European Holding, Inc., in 2007. One of the other witnesses is the chairman’s brother, a member of the board and previous president of the executive committee (CEO). There are two other witnesses, a relative of the groom and a professor from a management school. In a typical civil ceremony administered by the local municipal authorities, the bride and the groom sit on one side of the table facing the audience. The civil code requires a witness for each of the parties to sit at one end of the table; sometimes more than one is invited. The role of the witnesses is to testify and sign the legal registry after the couple is asked if they accept each other as husband and wife by the municipal official. Being selected as a witness is a matter of prestige for the selected; generally an elder person from among close relatives is selected. The identity of the witnesses is a sign of social status of the couple. It is not customary for the witnesses to deliver speeches, but the chairman takes the liberty.
The wedding ceremony takes place in a five star international hotel. Entering the modern building, one observes several high rises among the not so contemporary residential apartment houses scattered in the near vicinity. The inside of the hall rented for the ceremony is furnished with the international standards of a well known global hotel chain. There are round tables with eight chairs for the guests; at the entrance each receives a number for a seat at a certain table. The table distribution of the guests is a sign of their social standing. The members of the board (all owning family members except one) and other members of the owning family are seated in the center tables facing the ceremonial platform. The adjacent table is reserved for the business school professors of the groom from the program where he got his MBA.

Before the couple comes for the signing ceremony, there is live jazz and pop music. After the signing ceremony, the couple performs the modern style wedding dance. When the couple begins touring the tables to greet the guests, starting from the prestigious tables located in the center, an arebesk (local music mostly enjoyed by the periphery in the urban areas) singer takes stage. Later in the evening, guests, wearing different clothing, men with and without ties and ladies with and without scarves, gather on the podium to dance to both foreign and local music.

The groom is the first non-family, salaried chief executive of Wholesale Distribution European Holding, Inc., half of which is owned by an extended family. The business organization was initiated in 1987, the holding company was established in 1997, and the organization had been managed by the extended family members, until the groom was appointed about a year before the wedding. The wedding ceremony per se reveals the cultural significance of organizing in a specific social context. The symbols
point to traditional and modern cultures living together at different levels in a complex web of relations. Why do actors from the business sphere dominate a private event? Why would the leader of the business organization employ metaphors that intrude into the private sphere of the young couple? How has it happened that the interpretation of the situation as uttered by the chairman is perceived as legitimate? What is the socio-historical process that has made it possible for a stranger to be appointed as the CEO after two decades of extended family rule? The organizational context of Wholesale Distribution European Holding, Inc. seems to offer a productive domain for an inquiry into the general question of “how do differences in cultural beliefs shape the nature and operation of organizations” (Scott, 2008, p. ix) within the topic of “the role of culture in shaping organizational reality” (Powell & DiMaggio, 1991, p. 12). The purpose of the present study is to explore the interaction of modernizing ideals and traditional values during the modernization (bureaucratization) process at the organizational level.
PART I

Introduction

Wholesale Distribution European Holding, Inc. is the research site where the process of modernization was investigated as a cultural phenomenon. The present case is the study of an extraordinary growth success. The family owned business transformed itself from a very small local operation to a four billion dollar international corporation in a short time. The study demonstrates how the transition happened by mutual adaptation of the traditional and modern actors and in a humane way. The purpose of this study is to explore transitioning from traditional to modern in a business organization: it is a fast forward journey from “Seyyid”, a rural, traditional role signifying membership to the unilineal descent group of the Prophet, to membership in the “corporate board”, a symbol of rational-legal authority. The study focuses on the change in the nature of authority relations from traditional to rational-legal. Traditional authority relations are based on particularistic relations such as kinship while legal-rational authority relations are based on universalistic criteria such as technical competence. Traditional authority relations encompass the practices of the society before the Industrial Revolution such as pre-arranged marriages, the lower status of women, the significance of a boy heir, and the role of kinship in economic organizing and all spheres of life. Nothing has changed or disappeared over night; some of the traditional influences are still deeply rooted in the life world of human groups, even in the most technologically advanced nations. The present study will investigate the interaction of traditional and modern cultures in a
business organization. In the following sections, the purpose and theoretical approach of the study is introduced and the research site is briefly described.

1. The Purpose of the Study

The present inquiry is about the life world of a business organization where traditional and modern cultures interact. The focus is on a specific time frame and a particular relationship. The process of bureaucratization is analyzed between the years 1997 and 2007. Bureaucratizing is the mirror image of the larger social changes of modernization in the business sphere. For the purposes of this study, the concept of bureaucratization is defined as change in the legitimate source of authority. The meaning making of legitimate authority is enacted as changes in images of formal organizational structure. The shared meaning of the nature of authority relations is assumed to be embedded in the images of organizing schemes that represent formal organizational structure. These images are socially constructed as the interaction between two cultures of “traditional” and “modern” unfold. Thus the study is an organizational analysis based on a “cultural framework”.

The cultural framework used in this study assumes “organizations are cultures” (Smircich, 1983; Morgan, 1986; Dobbin, 1994). The study investigates patterns that make bureaucratization possible in an organization with and within a complex, multicultural context. The emphasis is on the symbolic and ideational aspects of bureaucratizing. “Durkheim shows us that the natural world is only a backdrop for the symbolic creations of men and their social rituals” (Collins & Makowsky, 1972, p. 91), and that will be the guiding idea of the present analysis.
Culture is a field of vast interest for scholars from several disciplines with differing theoretical and methodological perspectives. The concept originated in the field of anthropology, and there is an enormous volume of literature in anthropology, sociology, psychology and political science that deals with culture. It is even more complicated for an interdisciplinary domain such as organizational studies. For some scholars in the organizational field, studying culture is like a war game for intellectual dominance (Martin & Frost, 1996). Consequently, there are attempts to categorize the many different orientations (e.g., Boyacigiller, Kleinberg, Phillips, & Sackmann, 2004; Martin, 1992; Smircich, 1983). As interest in cultural studies in organizational analysis began increasing in the 1970s and 1980s, two different concepts of culture emerged in investigating cultural patterns at the organizational level (Boyacigiller et al., 2004). The early leaders of organization culture studies conceptualized culture as single, unique, monolithic, unitary and coherent across organizations (e.g., Deal & Kennedy, 1982; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982; Pettigrew, 1979; Schein, 1983, 1992). These studies and later examples in the same vein, such as Kunda’s work (2006), treated culture as something that can be “engineered”. A second stream of research emerged, viewing the organization as “a heterogeneous, pluralistic system whose members live within a larger, complex society” (Boyacigiller et al., 2004, p. 129). The multiple culture perspective adopted the idea of a pluralistic cultural context as opposed to groups and individuals carrying one specific culture (e.g., Barley, 1986; Gregory, 1983; Sackmann, 1985; Martin, Sitkin, & Boehm, 1985; Van Maanen & Barley 1985). The present study assumes culture is heterogeneous and fragmented at all levels (society, group, and individual).
The organization investigated in this study is viewed as a complex system operating at the interface of several cultures. Kinship relations as a particular type of social relations were a prominent feature of the organizing process. The extended family that represented the traditional culture (in transition) in the organization belonged to a local, rural subculture of the societal culture. The subculture carried imprints of rural and religious traditions. The extended family came from a different ethnic background (a very small population) from the national majority and used a different mother tongue, mostly among the first and second generation, in addition to the national official language. English entered as a third language because of a merger with a pan-European company. During most of the company’s growth, the family was still struggling to adapt to the urban (modern) culture of the large city to which it had moved. The extended family was a kinship group that included five brothers (first generation) and their 23 sons (second generation). There were sub-cultural differences between the core family (the first generation leading brother and his sons), and other family subgroups. It was the second generation that was actively involved in the organizing of the urban business. An elder brother from the core family was the leader of the entire family and the chairman of the business organization. He attended college (business school) in the large city and was relatively more socialized into modernity. There were other subgroups in addition to the kinship groups that played roles in the process of business organizing. As the organization evolved into a large national, then international, company, modernity entered in the form of a culture of bureaucracy, with salaried managers as its “carriers.” Growing size and market share in the sector attracted cultural pressures from the industry. Merging with a foreign company introduced new elements of culture with which to cope.
A non-family executive was the only female member of the board and she was from a minority religion (Judaism). Members of the extended family were confused because of the anxiety created by the existing cultural tensions. The cultural context of the organization was a complex environment where multiple cultures were interacting with, within, and across each other. The purpose of the present research was to explore the dynamics of the journey from traditional to modern in the business organization. Thus the interaction between the kinship culture representing the traditional on the one hand, and bureaucratic culture representing modernity on the other, was investigated among many cultural variations present at different levels.

The transition to modernity has been a social, historical, cultural, worldwide phenomenon (Giddens, 1990). From an organizational perspective, there has been an historical trend that organizations move towards bureaucratic structures with more managerial (professional) influence that was seeded through the Industrial Revolution, gained momentum during late 19th and early 20th centuries, and proliferated with globalization. Many social scientists call it “the managerial revolution” (e.g., Burnham, 1941; Chandler, 1977). For the purpose of the present study, the process is called “bureaucratizing.”

Modern society emerged as a result of the Industrial Revolution and so did modern organizations. The process has been called modernization in this study and the social outcomes of this profound social transformation are labeled modern to distinguish them from pre-modern or traditional social patterns. Managers (business bureaucrats) entered the process as one of the actors of modernity, to administer the modern, large scale enterprise.
Due to the uneven characteristic of social change, different societies and groups within societies entered or are entering the modernization process at different times. There are still several traditional societies in the world, and many contemporary societies still embody various traditional elements. Thus the interaction of the two different cultures of traditional and modern—conceptualized within the historical process of modernization—is likely to happen anywhere, anytime. The likelihood is increased by globalization. What was once experienced as the capitalist integration of the national markets through the industrial revolution that produced a nation and a national language, is now expanding over national borders, embracing distant localities, and driving modernization within internal markets as an outside force overriding the internal dynamics and integrating those markets with the overall system of capitalism (Berger & Huntington, 2002; Hutton & Giddens, 2000). The direction of change is towards the modern, but it is not a simple, linear, unidirectional process (Inglehart, 1997; Inglehart & Welzel, 2005).

The process and consequences of the interaction of different cultural logics has been of interest to social scientists from classical sociologists onward. The transition to modern has been studied on a macro level on multiple dimensions (e.g., Weber 1919/1946, 1924/1947, 1927/1981, 1930/1952, referred to politics, technology, religion, etc., in his attempt at a grand synthesis). Later, business history scholars such as Chandler (1962/1990, 1977, 1980, 1984, 1990, 1992) focused on the rise of the modern corporation and emphasized the role of technology as a driving force at the sector level. Scholars from the institutional school such as Meyer and Rowan (1977/1991) studied the role of culture at the macro level, emphasizing legitimacy concerns from an organizational field
perspective. Studies are rare that focus on the interplay of the forces at the organizational level (e.g. Crozier, 1964). Especially rare are analyses of the transition to modernity in the contemporary environment where global dynamics have diffused the tension between the two cultures of modern and traditional to varying local contexts. The present case is the study of an extraordinary growth success in the process of adapting to fast changing circumstances. Globalization, at the macro level, has made access to technology easier than ever for business practices all over the world. The present study assumes that cultural analysis of day to day interactions at the organizational level is more likely to capture the complexity (Boulding, 1956; Daft & Weick, 1984; Pondy & Mitroff, 1979;) of the tensions of bureaucratizing under these conditions.

2. The Research Site: Wholesale Distribution European Holding, Inc.

“Wholesale Distribution European Holding, Inc.” is the disguised name used to refer to the group of companies under study. Wholesale Distribution European Holding, Inc. comprises a holding company that was established in a de facto way in 1997, and legally in 1998; warehouse companies geographically dispersed to serve the local customers; and other companies that were related to the core business (a leasing company, an information technology/IT company and companies founded in neighbouring countries). The holding company owned all of the companies. Other investments is used to refer to the companies that are not related to the wholesale distribution business, and they were not directly included in this study. The term the Group is used to refer to the group of actors that assumed executive roles in the group of companies from 1997 to 2007. Executives pertains to the holding company executives such as the functional director role and company manager role of warehouse companies.
or other companies. The focus of the study is on the relationships and interaction within the group of executives that are referred to the Group hereafter.

Wholesale Distribution European Holding, Inc. headquarters was located in Istanbul, Turkey, a large city urban environment of about 15 million people. Operation of warehouses that distributed a main and a secondary product group was the core business of an extended family that owned half of the company. It is now in transition to being the leading activity of a business group, part of a still larger conglomerate. The owners invested in other fields of business after selling half of their shares to an international company. The value of other operations accounted for about 10% of the total value of their core business in 2007, but the newer operations are growing. The owning family, traditionally occupied with trade, moved from a rural social setting to Istanbul in the late 1980s. Wholesale Distribution European Holding, Inc. evolved into its present form starting as a very small local warehouse in Istanbul with a negligible market share under one percent. The family gradually built a nearly four billion dollar (turnover in 2007) wholesale distribution business from scratch that has more than 35 percent national market share. It is a joint venture, established in 2001 by the merger of Wholesale Distribution Holding, Inc. with a pan-European company with headquarters located in London.

The year 1987 when the family established their first company in Istanbul is also a significant year in the economic history of the country. In 1987 the government applied for full membership to the European Union (EU) following a long membership in the Customs Union. The 1980s were the years of liberalization and internationalization of the economy after more than half a century of import substitution policies. The state
dominance in the economy was succeeded by an export oriented growth strategy. That is the time when the borders became more open to global currents. There were huge investments in transportation and communications. The national economy went through drastic changes that introduced vast opportunities for growth in many sectors. New business leaders entered the scene who took advantage of the new growth opportunities under the influence of globalization. The unusual success story of the organization investigated in the present study is an outcome of the circumstances which emerged in late 1980s. The organizational field the business organization was participating in went through enormous changes. Market size steadily grew from the late 1980s on, and the level in 2007 reached almost ten times more than the level in 1987. More international producers entered the market following the government’s internationalization policies. And whereas the distribution channel was operated by hundreds of local companies in late 1980s, a consolidation happened in late 1990s that resulted in three major players with Wholesale Distribution European Holding, Inc. the leading player that controlled close to 40% of the market. The powerful national, and specifically international, suppliers exerted considerable influence on shaping the distribution sector by favoring consolidation.

The extended family moved to Istanbul after performing commerce as an all purpose merchant in their rural environment. Trade was a family occupation. They started a wholesale distribution business immediately after moving in 1987. Following the ten years of the founding process as a local business in Istanbul, the family business became a nationwide operation differentiated geographically along a main and a secondary product group. Starting in 1997, the emphasis was on integration, and as a result,
Wholesale Distribution *Holding*, Inc. was established, because coordinating the activities of existing and growing number of local companies had become critical. That was the year when modernization pressures began intensifying, mainly due to the aspiration of the family leader to grow and go international. Then the joint venture became the focus until 2001 when Wholesale Distribution *European* Holding, Inc. was established by selling 50 percent of the shares to a pan-European company listed on the London Stock Exchange. When the relations within the joint venture were perceived as normalized in 2003, the extended family turned to investments in other business fields. They were not interested in investing more in the wholesale distribution business, since the market was understood as saturated. By investing in several other fields, the organization entered the era of being a “business group.” The same year Wholesale Distribution European Holding, Inc. started establishing joint ventures in the region. In 2007 they were partners to operations in three different countries (Egypt, Algeria, and Russia).

In 1987 when the family entered the market, the structure of the wholesale distribution business was fragmented. Hundreds of small local warehouses were conducting distribution of the consumer goods that were mostly produced by international firms. The barriers to entry into the distribution market were significantly low, allowing for small investors to enter at their discretion. Many would hit and leave, causing producers big losses they had to bear. The market size was small, yet there were opportunities for profit because of high rates of inflation and shortages of supply. As a result of the liberalization and internationalization policies in the 1980s, the market started to grow. Working close to the suppliers, the family leader anticipated the changes in the business field. The organization pursued a growth strategy to the satisfaction of
both the suppliers and the customers. They declared their mission as “delivery in less than four hours to the most remote customer” to meet the rising demand. Their main competitors were two others: a company that had been in the market for a very long time and which had also decided to grow, and a cooperative establishment of the customers. The organization took advantage of technological advances such as adopting software for effective ordering and packaging; the two rivals shared the software and then collaborated in competing with the cooperative. As the two businesses gained market share, the cooperative’s share gradually declined under competitive pressures and the influence of the liberal mindset in the economy. The organization was able to act fast and on sound grounds due to availability of business trained extended family members. The patrimonial leader would commission them to new warehouse companies established in different places in order to cover all of the national market; they would go without any question and work hard day and night. The suppliers were more confident based on the trust they had built throughout the process. They supported the organization with generous credits on sustaining a diverse and geographically dispersed inventory. The customers were pleased with delivery in shorter time spans that also met their demand for availability of variety. By the end of 1993, the organization had three warehouse companies and a very small market share. They grew to eight warehouse companies by the end of 1996, 27 warehouse companies by the end of 2000, and 43 companies by the end of 2007 and total turnover reached 4 billion dollars with more than a 35% market share.

The group of executives that took leading roles during the growth process came from several subgroups: *Extended Family, Core Family, Other Relatives, Familiar*
Persons, and Strangers. The extended family that owned the business was comprised of the sons (second generation) of five brothers (first generation). At the center of the extended family was the core family, the sons of the leader of the first generation. The leader of the entire family and the chairman of the board of the holding company was the elder son of the core family. The members of the extended family other than the core family members were a different subgroup, organized as sons of the four brothers. There were other relatives, another subgroup that had various kinship relations with the extended family. Familiar persons were friends of the chairman from his university days when he was involved in political youth movements. Strangers were professionals (salaried managers) who did not have a kinship or friendship tie. They were two different subgroups: stranger-professionals were executives with formal education of functional expertise and managerial experience; stranger-sector-professionals were strangers with sector specific functional knowledge such as purchasing and sales of the specific products distributed. Throughout the years, the subgroup composition of the executive management changed as did the structure of the organization and the nature of the authority relations.

The research setting is in many ways similar to the cases Chandler investigated in *Strategy and Structure: Chapters in the History of the American Industrial Enterprise* (1962/1990), such as the case on Du Pont. In 1902, when Eugene du Pont, the head of the family, suddenly died, the company was preparing to celebrate its first one hundred years of explosives production. “‘The business was entirely managed by the senior partner….The head of the firm was ex officio head of the family…The other partners and nearly all the supervisory force were du Ponts’” (du Pont, 1920, as cited in Chandler,
Similar to the life world of the extended family in the present case, the du Pont “houses were near together and the partners were men of very simple and domestic tastes, to whom it would never have occurred to want more money than was necessary for the needs of their quiet lives. No one ever thought of drawing his full income; they gave their allegiance to the Company and its chief and with all their ability and confidence” (du Pont, 1920, as cited in Chandler, 1962/1990, p. 405). Chandler assumes du Pont remained a family enterprise until 1902, when three cousins took over after the death of the chief of the family. Then in 1903 a structure was fashioned which in Chandler’s words, “reflected the final transformation of the du Pont Company from a family firm to a professionally manned enterprise” (Chandler, 1962/1990, p. 62). The present research site is a similar case of modernization, at a different point in time and space.

3. The Outline of the Study

Part II “Theory and method” follows the Introduction. After introducing the rise of bureaucracy and the modern enterprise as the general historical frame, “culture’s role in the macro process of bureaucratization is presented. Then, the cultural approach of the study and data collection and methods are explained.

Part III first provides a history of traditions that originate in the rural practice. Then an overall view of 20 years of the urban business practice is presented to serve as a background.

Part IV starts with definitions of key terms in Section 1, and then in Section 2 the movement of the members of the group executives across the organizing domain and across time is depicted; Section 2 identifies subgroupings and introduces their cultural
history and the authority relations among them. Tables and figures show that there are, in fact, changes in roles and offices and that differentiation in organizing is based on the cultural history of the subgroups. The following two sections (Sections 3 and 4) are devoted to describing the meaning making process: what sense actors make of the experience they went through that was depicted in Section 2. First change in the meanings of key images is demonstrated year by year for the 11 year period; a summary table is provided to show the meaning change. In the section that follows (Section 4), the study shows the building of a new vocabulary that feeds into the meaning making process as bits and pieces of knowledge. Based on extensive investigation of company documents, specifically minutes of executive committee meetings, internal communication documents that were retained, and other data sources, stages of group development are identified for the particular Group. Section 5 on the use of physical space and time is included to support the findings with other symbols of cultural life.

Part V is devoted to the propositions of the study, explaining the how of what has happened; and identifying the patterns that make bureaucratization possible. It serves as a micro-theory of how rational authority becomes legitimate in the business organization. Finally, Part VI is the summary and conclusion section presenting theoretical implications and implications for management.
PART II
Theory and Method

The first section of Part II introduces the general historical framework of the study and then explains the cultural frame that will be employed for analyzing the particular case. The study draws on Weberian concepts of authority (Weber, 1924/1947) and the interaction process is taken as socially constructed (Berger & Luckmann, 1966). The overall cultural framework used is based on the idea that organizations are cultures (Dobbin, 1994; Morgan, 1986; Smircich, 1983), employs the concept of cultural repertoire as developed by Swidler (1986; 2001) and a cognitive approach presented by DiMaggio (1997), and takes into account the role of myths in the sense making process (Pondy, 1983; Srivastva & Barrett, 1988). In the following section, data collection and methods are explained.

1. Historical Frame: The Rise of Bureaucracy and the Modern Enterprise

Modernization and organizations. The process of modernization was initiated by the Industrial Revolution, but the consequences in different social spheres have been so impressive that many of them are called a revolution in their own right.

Organizational revolution is used to describe the “great rise in the number, size and power of organizations of many diverse kinds” (Boulding, 1953, p. xi). Managerial revolution is introduced to explain the rise of the modern business enterprise, administered by a hierarchy of salaried managers (Burnham, 1941; Chandler, 1977).

New structural features emerged as a result of the modernization process.
“…[B]ureaucratic organization, money and markets, a universalistic legal system, and the
democratic association in both governmental and private forms” arose as fundamentals of modern societies (Parsons, 1964, p. 339). Following the Industrial Revolution, the nontraditional organizational structure called bureaucracy became commonplace as the model of modern business organizations (and other organizations like government agencies and universities). The spread of large-scale bureaucratic business organizations became evident with modernization. The new organization was infused with rationality as the dominant mode of thought that represented the historical change from traditional to modern. For business organizations, rationalization involves organizing by bureaucratic means and the calculation of profit by systematic accounting procedures. Bureaucratic means of organizing include specialization, hierarchy of offices, rules and regulations, technical competence, impersonality, formal written communication, and separation of administration from ownership (Hall, 1963; Weber, 1924/1947). The rationalization of bureaucracy, on the one hand, is maximizing technical efficiency (Merton, 1940). On the other hand, it is a system of authority, which Weber called rational-legal authority as opposed to traditional authority.

The large enterprise is a common business form of modern times. As different nation societies of the world—call them developed and developing, Western and non-Western, industrial and pre-industrial, leaders and late comers, or industrialized and newly industrialized—integrate around the ideals of capitalism through globalization, the large enterprise is becoming a historical reality of business life. The process and forms might vary for different national contexts, but it happens across nations, sectors, organizations and over time.
Managers entering the modernization process as an “ideal type.” In the later stages of the process of modernization, the beginning of the 20th century, a new ideal type manager emerged in addition to Weber’s scientist, capitalist and government bureaucrat. The salaried manager—a new species of economic man as Chandler (1977) calls it—became a powerful actor in business life. The increasing influence of professional managers became a distinctive feature of large business enterprises as they grew in size and age. The rising power of managers in the business world was a concern for many social scientists, starting with Berle and Means’ classic The Modern Corporation and Private Property (1932/1968). While Berle and Means were worried about the rise of “managerialism,” some argued it actually contributed to the spread of democracy (Mizruchi, 2004). Chandler (1977) investigated the process of how “large enterprises administered by salaried managers replaced the small traditional family firm as the primary instrument for managing production and distribution” (p. 1) in the context of the U.S.. He observed similar processes in European countries like the U.K., Germany and France, and later in Japan (Chandler & Daems, 1980) but distinguished the U.S. as the nation where “managerial capitalism” (Chandler & Tedlow, 1985) first emerged. Scholars also from “late comers” examined how the “visible hand of management” has performed in other countries such as Germany (Fear, 2005).

In the second half of the 20th century, the world witnessed unprecedented advances in technological development that diffused across the borders, embracing the late comers to industrialization. The large enterprise flourished everywhere, albeit in different forms within different processes of modernization. Organizational forms are not uniform across nation states or cultures due to differences in the dominant institutions
governing industrialization (Guillen, 2000; Whitley, 1990, 1994). However, as the historical account of the phenomenon predicts, the evolution is towards more influence of rational practices and salaried managers in administering large enterprises across the globe.

2. The Macro Process of Bureaucratization: The Role of Culture

Observing the profound structural changes in the world of organizations, social scientists have often set out to explore how bureaucratization is happening as a macro process: How does it happen that organizations transition from traditional forms to rational structures of modernity? What are the external forces that influence organizations to adopt the new forms? Why do organizations change their structures?

Chandler’s (1984) study of business history suggests that bureaucratization is a necessary result of modernization as a stage of economic development; it is a necessary consequence of technological advance (Orru, Biggart, & Hamilton, 1997). According to Chandler, the large, integrated industrial enterprise is a result of modern transportation and communication technologies: “The railroad, telegraph, steamship, and cable made possible modern mass production and distribution” and “these new high-volume technologies could not be effectively exploited unless the massive flows of materials were guided through the process of both production and distribution by teams of salaried managers” (1984, p. 474). Economic and technical superiority is the reason why organizations develop into rationalized formal structures of large scale bureaucracies.

Explaining organizational structure and design as a response to external techno-economic forces (e.g., Lawrence & Lorsch 1967; Thompson 1967), made most famous by Chandler’s scholarship (1977), is based on “Weber’s (1919/1946, 1924/1947, and

Chandler’s and others’ narrow technological focus (Orru, Biggart, & Hamilton, 1997; Roy, 1990), neglects an alternative Weberian source of formal structure: the legitimacy of rationalized formal structures (Meyer & Rowan, 1977/1991). Meyer & Rowan’s (1977/1991) classic work suggesting that rational formal structures are myth and ceremony and are incorporated for legitimacy purposes, puts the impact of the external cultural forces in the forefront. They assume organizations bureaucratize for legitimacy purposes: legitimacy plays a key role in accessing resources such as capital, technology, and networks. They argue that rationalized formal structures “reflect the myths of their institutionalized environments instead of the demands of their work activities” (Meyer & Rowan, 1977/1991, p. 41). Looking from a cultural perspective, “rationalized organizational practices are essentially cultural, and are very much at the core of modern culture precisely because modern culture is organized around instrumental rationality” (Dobbin, 1994, p. 118).

Another seminal discussion in the same vein was introduced by DiMaggio and Powell (1991) who argued, “the engine of organizational rationalization has shifted” (p. 63):

The bureaucratization of the corporation and the state has been achieved.
Organizations are still becoming more homogeneous, and bureaucracy remains the common organizational form. Today, however, structural change in organizations seems less and less driven by competition or by the need for efficiency. Instead we contend bureaucratization and other forms of
organizational change occur as the result of the processes that make organizations more similar without necessarily making them more efficient.” (p. 64)

They argued that it was within organizational fields that the institutionalization of organizational forms occurred. Organizational field was defined as a collection of “those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory state agencies, and other organizations that produce similar services or products” (p. 64).

Following the classic work of Meyer and Rowan (1977/1991) and DiMaggio and Powell (1983) an impressive volume of research was conducted on the effect of cultural (institutional) environment on organizational form and function, adopting organizational fields (interorganizational level) as the appropriate level of analysis (e.g., Leblebici & Salancik, 1982; Meyer, Scott, & Strang, 1987; Mezias, 1990; Rowan, 1982; Scott, Ruef, Mandel, & Caronna, 2000; Tolbert & Zucker, 1983).

3. The Cultural Approach of the Study

Given the historical tendency and the external forces in the environment, the present study is interested in exploring how bureaucratization happens at the organizational level. From an interorganizational or organizational field level of analysis, there are cultural pressures of bureaucratization in the environment of Wholesale Distribution European Holding, Inc., the organization under investigation. Institutional environments influence organizations to incorporate structural forms that are legitimated externally. However, as emphasized in the “black box” metaphor by Zukker (1977/1991), there is a lack of organizational studies that pay attention to institutions inside organizations (Heugens & Lander, 2009; Suddaby, Elsbach, Greenwood, Meyer, &
The question of how social structures and practices inside organizations “acquire meaning and stability in their own right rather than as instrumental tools for the achievement of specialized ends” (Lincoln, 1995, p. 1147) has continued to be ignored. The purpose of the present study is to explore the micro process of such cultural dynamics. It will focus on the meaning making processes inside the organization, examining the “understandings of organizational members” (Bartunek, 1984) and subgroups to show how modernity logics are interpreted (made sense of) during transitioning from traditional to rational.

Wuthnow’s (1992) suggestion that “the sociological study of culture should be guided more by a recognition of the need for interdisciplinary borrowing and cooperation” (p. 5) is even more true for organizational studies of culture, itself being an interdisciplinary field. Thus the present study will borrow from the advances in sociology, cognitive psychology and social cognition, and anthropology.

Sewell (1992) defines culture as “what people know” (p. 7). Knowledge can be taken as a repertoire of cultural stuff such as frames, symbols, and rituals (Swidler, 1986, 2001). Swidler portrays culture as a “repertoire” (or tool-kit) to emphasize the role of agency; people actively use cultural symbols for their own ends while culture constrains their individual set of strategies. In this study, repertoire is defined as diverse cultural resources available at any level, individual, group (organization), and society. Cultural repertoires are fragmented (DiMaggio, 1997; Swidler, 1986) and they include heterogonous bits of knowledge and frames (structures), in formation and interaction inside people’s heads and at the collective level. Cultural elements in a repertoire might be contradictory and inconsistent. Cultural materials exist at different levels, in different
forms and combinations; not every social or individual actor has access to or uses them the same way. Repertoires are in continuous interaction within and with all and any of the three levels (individual, group, organizational).

In the common domain of a group organizing for a purpose, multiple cultural frames interact both at the collective level and in the minds of the agents. The reflections of these frames in the interacting levels are not mirror images of each other; the distributions of repertoires within the group and individuals vary. At any point in time, images (schemes) are constructed to represent shared meaning and guide action. Shared frames persist; they are not easily changed. Shared does not mean it is shared by every actor in the same way; shared means legitimate for a particular group. “Enough people or a few people who are powerful enough” (Sewell, 1992, p. 4) influence the construction process and choice of strategic use (Daft & Weick, 1984; Giddens, 1976; Gouldner, 1954; Ranson, Hinings, & Greenwood, 1980). As Berger and Luckmann (1966) argue, “he who has the bigger stick has the better chance of imposing his definition of reality” (p. 109).

Cultural change in the life world of a group is a very complex phenomenon. Some bits of culture are floating, some are arranged in frames of reference, and their distribution varies at the member level. People take in, accumulate, and store information, switch between existing frames, arrange bits of culture to institute new frames, and create images (schemes) as representations of shared meaning. Culture both constrains and enables. Not all pieces of information stored are in the form of frames, and not all cultural elements are there to use continuously the same way. Generating a new cultural resource to put to use in the life of a group is a complicated process of making sense of the new.
A much wider and more diverse cultural universe exists around an organization (at the organizational field, societal, and global levels). Since members are not open to just any new cultural message that touches their lives, how is it that people become receptive to a particular set of cultural material and try to make sense of it? How do we know what sense they make of it? Do the new pieces of culture emerge as a frame and do people put it to strategic use? The focus of the present study is the interaction and change in cultural frames used for organizing in a particular business. A new frame (cultural resource) from the wider environment entered the life world of the organization as an ideal. Bits and pieces of existing and new knowledge were arranged around a new frame to represent that ideal. The question addressed in this study is, how were bits of knowledge (pieces of culture) and ideas used to construct a new frame of reference that challenged the traditional frame in the Group’s repertoire and how was this new frame put to strategic use? Thus transition from tradition to modernity is defined as the construction of a new frame of reference (bureaucratization) put to strategic use in the Group’s repertoire. The study will explore the process of transition and develop propositions based on empirical evidence.

Swidler (2001) contended that “the difficulty of studying culture begins with the problem of finding it” (p.11). Given that culture is embodied in symbols (Geertz, 1973; Swidler, 2001), it is everywhere, represented in countless numbers of different forms. How can we tell there is a change in the cultural frame(s) of reference in a group? What type of a symbol—or particular symbolic vehicle—has the best capacity to represent that change within the boundaries of the social phenomenon investigated? What are the powerful images that represent shared meaning and shape everyday life of people in a
local context? What are the symbols that might represent pieces of new knowledge? This is a challenge for the cultural analyst, and this study will take on that challenge.

In the present study, bureaucratization is conceptualized as a shift in the meaning of authority for organizing. Authority is an idea central to the notions of organization; in its various legitimate forms, it binds an organization together (Hinings, 2003; Weber, 1924/1947). It has been of interest to many organizational scientists. For example, in the hierarchical list of four features of “core structural change” of Hannan and Freeman (1984), change in “authority structure” comes second after “changing an organization’s mission,” among the most fundamental structural changes. In the present study, the two different cultures interacting are traditional authority and rational-legal authority. Bureaucratizing is defined as the process of change in the legitimate source of authority. In traditional authority, legitimacy is attributed to the “belief in the sanctity of immemorial traditions and the legitimacy of those exercising authority under them” (Weber, 1924/1947, p. 328). Rational-legal authority rests on “belief in the legality of enacted rules and the right of those elevated to authority under such rules to issue commands” (Weber, 1924/1947, p. 328). At the Group level, the dominant culture for organizing was traditional authority until the transition happened. The basic question of authority for any type of social organization is, who has the power? The vocabulary used for representing the general concept of power changes based on the socio-historical and cultural context. For the present situation of business organizing, the question is, who manages? From the traditional point of view dominant in the Group, legitimacy of managers (executives) was mainly attributed to particularistic ties such as kinship and friendship as opposed to universalistic criteria of legal-rational authority. At a certain
point in time, the legitimacy understanding of the Group changed. How do we know there was a transition in the cultural source(s) of authority? The study will seek to identify significant symbols of shared meaning in organizing and explore the changes in the meaning of key images of organizing during the transition process.

The study assumes metaphors and myths mediate the Group’s sense making process (Pondy, 1983; Srivastva & Barrett, 1988). Metaphors enable the transfer of information about a relatively familiar subject that was old, to a new and relatively unknown subject (Barrett & Cooperrider, 1990; Grant & Oswick, 1996; Lakoff & Johnson, 1980; Morgan, 1986; Ortony, 1993; Sackmann, 1989; Srivastva & Barrett, 1988; Tsoukas, 1991). In Schon’s (1993) words, metaphors generate “new perceptions, explanations, and inventions” (p. 142). Myth is defined as “a metaphor of some subtlety difficult to describe in any other way” (Sagan, 1977, p. 8). Myths are a special case of metaphors whereby the “story told in the myth stands in a metaphoric relationship to real events” (Pondy, 1983, p. 159). In the foreword to Levi-Strauss’ *Myth and Meaning* (1995), Wendy Doniger contends that, based on the work of Levi-Strauss, ”every myth is driven by the obsessive need to solve a paradox that cannot be solved” (Doniger, 1995, p. x). The present study will attempt to get “beyond the level of appearances” (Turner, 1977) and investigate the role of metaphor and myth in what Weick (1976; 1979) calls “making sense” and reconciling a new cultural frame with the old in the repertoire of the Group, thus enabling change while maintaining continuity (Pondy, 1983).

The purpose of the study is to explore the question of how transition from traditional to modern happens within an organizational context conceptualized as an interaction of two different cultures. It will be an analysis of how a small, traditional firm
managed to transform itself into a four billion dollar global corporation within just two decades; an inquiry into the cultural patterns that made it possible for the Group to successfully seize the opportunities within the organizational field it was part of. The study will attempt to answer the main question by addressing the specific questions of how it happened that a new frame of reference emerged as a cultural resource to be put to strategic use in a group’s repertoire, what metaphors and myths emerged during the transition that mediated making sense of the process, and, if rationality was a myth of the wider social context, was there a significant myth that was specific to the local context that mediated sense making?

Exploring the questions will bring new insights to the cultural situations experienced by business organizations in the new landscape of business life embedded within the powerful forces of globalizing. Given the macro cultural pressures amplified by globalization, the sense making process within the organization will be the focus of the study. The study will attempt to show how continuity is maintained while going through radical cultural change (Fry & Srivastva, 1992): the cultural repertoire concept seems to be a useful concept to employ for the purpose of showing how competing logics were reconciled. The study expands Swidler’s (1986, 2001) concept of repertoire by including the concept of “culture in formation,” in addition to existing cultural frames in a repertoire. “Engineering culture,” as portrayed in Kunda (2006), has its limits and the research site seems to offer potential for showing limits to cultural change.

4. Data Collection and Method

The life world of Wholesale Distribution European Holding, Inc., the research site, was an interactional domain where multiple cultural frames (existing and in
formation) offered forms of interaction, like Simmel’s (1950) social forms (as cited in Denzin, 1983), to be experienced and to acquire meaning. Multiple meanings and interpretations emerged during the micro processes of the Group’s life. Researchers are likely to gain better understanding if they participate in the life world and “immerse themselves in the phenomenon they wish to interpret and understand” (Denzin, 1983, p. 133). The present research is a case study based on data collected through close encounters of the researcher with and within the Group for long periods of time.

Jepperson and Swidler (1994) contend that “there is no one methodology or group of methodologies, intrinsically suited to cultural studies” (p. 368). The chief methodology of the current study is case study (Eisenhardt, 1989, 1991; Eisenhardt & Graebner, 2007; Yin, 1981, 2003b). However, there are overlaps with other methods such as ethnography, field study, participant observation, and qualitative historical analysis due to the nature of the relationship between the researcher and the phenomenon under investigation. Classic work on either macro processes of bureaucratization (e.g., Chandler, 1962/1990) or organizational level cultural research (e.g., Crozier, 1964; Selznick, 1949) are based on case studies. Ethnographies are also a major research strategy in studying organizing phenomenon (e.g., Kunda, 2006; Whyte, 1943/1993). The present study will follow in the footsteps of the classics.

As a form of empirical inquiry, case study is a research strategy that uses single or multiple cases as a base to build theory inductively (Eisenhardt & Graebner, 2007). Case study approach is in line with the purpose of the present study: There is ample research and theory on how bureaucratization happens at the macro (e.g., national, sectoral, field) level, but research on how it happens within organizations is neglected. The present study
relies on a single story of an organizational transition from traditional to modern, because the latter can be seen as an extreme exemplar of such a transition as well as one that was unusually successful. Moreover, the researcher had unusual research access to the site and its members (Yin, 2003a). The study sets out to explore the interaction of traditional and modern cultures and the research site offers excellent representations of the Weberian constructs of traditional authority and rational authority. The investigator had unusual access to the research site due to exceptional relations with the key actors of the Group which enabled an iterative process and use of multiple data sources. Referring to the “talking pig” analogy (you do not ask for a few more talking pigs to believe that the one shown is talking), a single study may be a very powerful example (Siggelkow, 2007); and this is also true for micro cases of evidence collected through access to rare or extraordinary circumstances and interactions within the case.

The analysis is in small part quantitative showing subgroup change in the numbers of executive roles, but for the most part it is qualitative. Data were collected through participant observation, bystander observation, structured interviews, informal conversations and archival materials. The study covered the period from 1997 to 2007, however retrospective data were collected about the history of the owning family and the founding process of the organization before 1997. The researcher’s first contact with the organization was over a continuous project from 1999 to 2001; that was the period of extensive participant observation, although it was not specifically the intention of the researcher then. The second contact of the researcher was from 2004 onward; this time the researcher acted more as a real time bystander observer, since he shared the same physical space as the members of Wholesale Distribution European Holding, Inc. but was
involved in one of the company’s other investments. In depth interviews were conducted with the key actors of the organization following an iterative approach through informal conversations and observations. Twenty-one structured interviews were conducted (10 Extended Family members, 4 Familiar Persons, 2 Stranger Sector Professionals, and 5 Stranger Professionals) (see Appendix for the interview protocols). Unstructured interviews, informal conversations and observations were recorded as field notes. An iterative strategy was employed specifically for collecting data from the inner circle (the chairman and his two leading brothers) and the two leading Stranger Professional members (Stranger Professional board member appointed in 2002 and CEO) for verifying parts of the analysis. Company documents, media news and interviews and articles and news in the company magazine were also included in data collection and analysis.

The change in structural roles of the executives of the organization was tracked on the basis of subgroup membership as defined in the study, for a 20 year period from 1987 to 2007, with a focus on 1997 to 2007, based on the situation at the end of each year. There were no official records for the period prior to 2002; data were collected and confirmed through informal means such as by talking to human resource managers, company managers, and the leading members of the family.
PART III

The Site: Wholesale Distribution European Holding, Inc.

The present study is about the life world of the group of executives that participated in the organizing process at the research site, Wholesale Distribution European Holding, Inc. The organization had its roots in the rural times of business practice and traditions of the owning family. In the sections that follow, first a short family history is provided to identify the roots of its business experience and knowledge. In the second section, an overall view of the family’s urban experience is provided with an emphasis on the founding process and family relations before 1997. It serves as an introduction to the following sections involving more detailed analysis of the years from 1997 to 2007. During this period the family firm evolved from patriarchalism to patrimonialism and then to rational authority, living through a fast forward change in their relations with the modern world. The extended family accumulated knowledge of trade that started with the first and second generations during the rural times, and they transferred this knowledge to their urban business they set up in Istanbul. Once inside Istanbul, they first expanded nationally, then merged with an international company and started establishing international operations in their core business. With the funds acquired from the merger the family invested in other business areas from 2003 on. Along the way, non family executives entered and the composition of the Group changed. While cohesion prevailed until 2005, conflict arose within the extended family over the legitimate source of authority and the role of non family executives. Some of the
extended family members left the core business and set up their own companies in different business fields.

1. Rural Times: Family Traditions and Business Practice

The Extended Family (EF) was five first generation brothers and their 23 second generation sons. Sisters were not included in business roles; gender discrimination was the dark side of organizing in this setting, because they got married and moved out. The first generation of five brothers was born in the 1920s and 1930s. The first generation leader of the entire extended family was brother number one (EF1), until he died in 1998. He was the father of the seven second generation brothers who are called Core Family (CF) in the present study. The term Core family, is used to distinguish the place of the leading subgroup in the extended family. One of the seven sons of EF1, a brother in the core family (EF11; CF1) became the second generation leader of the entire family and the business they set up after they moved to Istanbul. He (EF11; CF1) and his two brothers (EF12; CF2) and (EF13; CF3) were born in the mid 1950s. Their grandfather was an imam (religious leader of a community). Previously the family leaders were religious 
\textit{alim} (religious scholars, \textit{hodjas}). Trading as a family occupation started with the five first generation brothers. Their mother tongue was an ethnic, local language, totally different from the national language; they spoke both. Figure 1 shows the members and structure of the family.

\begin{figure}[h]
\centering
\caption{Figure 1}
\end{figure}
The structure of the kinship system was based on patrilineal descent, that is, the children in each generation belonged to the kin group of their father; affiliation with the group was transmitted only by the sons. The family as a whole could trace its patrilineage back to the Prophet. It was claimed that they belonged to the unilineal descent group of the Prophet. The members of the kinship group were called Seyyid. Seyyid is a name, like “sir”, used for clan leaders. After the Prophet, grandchildren of the Prophet’s children were named Seyyid and the name was used for sons that came from the same lineage. There are two books sponsored by the family written about the history of the family to trace their clan pedigree. The family practiced the common functions of unilineal descent groups, such as regulating marriage, distributing of economic gains, settling disputes between members, and religious leadership. Marriage was an important function of maintaining the “blood” of the lineage, the attribution of sacredness of being Seyyid. Every new female baby was promised in marriage to a young boy at birth. The Prophet’s life was considered as an example for his followers and Seyyids were expected to live a life that set a good example in the rural conservative environment, since they belonged to the same kinship group as the Prophet. Being a Seyyid reinforced strong family ties because of the attribution of sacredness. Family members stayed together and lived in a secluded type of neighborhood even after moving to Istanbul to maintain the “network density” (Peng, 2004) that produces solidarity and collective action.

The ancestors of the family originally settled in a village very close to a small city in the far eastern part of the country. Being Seyyids, family leaders worked as imams, guardians of the religion they belonged to and they were exempt from taxes and military service until the advent of the Turkish Republic in 1923. It was the First Generation of
the extended family (as noted in Figure 1) that started to engage in commercial activities to make a living, since agricultural resources as an alternative were very limited in their environment. They started trade with peddler activities, bringing in consumer goods from the city and bartering them for agricultural products in the nearby villages. CF3, one of the active traders of the second generation, described their activities:

    Peddler activities is how we started trade: our fathers on foot and later on horses, then us on horses and then with motor vehicles. It is mainly a barter activity. You buy goods from the city, carry it to the villages and then change it with village produced goods, take it back to the city and sell, and with the money buy goods that the villagers demand, go back to the villages, this is the rhythm of peddler activities.

EF21, the son of EF2 who was the leading “trader” in the extended family, described more based on the stories he had heard from his father:

    Our fathers—and later the sons as youngsters—gradually have dominated all of trade in a small town nearby. We have been even supplying gas used for the electric generator in the town, and at times if we were not on time, the town would stay in the dark; we used to supply all the goods in demand in almost all the villages through our store in town; we were involved in the trade and services of quite a lot of items.

    The first generation leader of the extended family, the father of the core family, was not actively involved in trade like the other brothers. He served as an elected official leader (muhtar) of the village for a long time. He was asked for his advice on social disputes in the small rural society they lived in; he mediated conflict and administered
informal justice. His advice was not compulsory but people respected him because he set a good example of a Seyyid. It was a very significant role in a social environment where relations were based on personal trust rather than contracts. The status of Seyyid and the leader’s image that overlapped with it as a good example was recognized by society. The Seyyid property of the family contributed a great deal to their fast growing rural business. People trusted their words (promises), specifically on loaned transactions. Keeping up promises, being fair and considerate was a very important family rule. The extended family dominated trade and other services in the small rural society. They were “the general merchant” involved in wholesale and retail trade of several kinds of merchandise including agricultural goods, cars, property, and they provided transportation services and accommodation. The rural organization was in many ways similar to Weber’s observations of the clan organizations of the Chinese countryside as the most important “corporate actor” that dominated the rural economic and social relations (Weber, 1927/1981). Second generation brothers (born in the 1950s and 60s) started working in the trade business right after they began primary school at the age of seven. After school they rushed to the family stores they operated and helped the fathers or the uncles. They were needed in the business also because they could better read and write the national language and serve as clerks. One of the uncles was the trader of the family and he served as a family mentor to raise the second generation as good traders. The tradition was such that sons were more intimate with their uncles than they were with their fathers; uncles were traditionally trusted with the sons of a father.

They lived in a village but it was very close to a small city nearby; the leader of the first generation spent time in the small city in addition to serving as muhtar of the
village. After they built up sufficient capital, they split and some moved from their
village to a town and some to a small city nearby in the late 1970s to expand wholesale
trade.

In 1987 the family liquidated all their rural property and the entire extended
family moved to Istanbul. Two main reasons affected their decision to move: the rising
political tension in the area due to Kurdish rebels and the business opportunity created by
the second generation brother. The second generation accumulated knowledge of trade in
their rural experience and later transferred this knowledge to their new business life in the
large city urban area where they took over from the first generation and set up a
wholesale trade venture. Moving to a very large city was not a shock for all since some of
them lived through gradual changes of adapting first to a town and a city nearby where
they moved to expand their business; and also, during the years before immigrating some
of the elder brothers travelled to Istanbul to buy goods for their trade activities.

The elder son of the core family (CF1) who later became the second generation
extended family leader was sent to college (business school) in Istanbul after finishing
high school in their small city. Two other elder brothers from the core family were also
high school equivalent vocational school graduates, one with an emphasis on commerce
and the other on religion. Since the brother that was sent to college in Istanbul became a
communist, which was a shame for a family with strong religious traditions, the father
rejected him as a son and did not allow the other high school graduates CF2 and CF3 to
go to college, fearing they might become communists, too. CF members especially felt
sorry for CF2 and CF3 who were considered very smart and excellent students at high
school. Later, after they moved to Istanbul, the father forgave CF1, and even designated
him as his successor. The three elder brothers of the core family (CF1, CF2, and CF3) assumed key roles in the family and the business.

The rural situation was very similar to what Weber (1927/1981) describes as *patriarchalism*: a group “organized on both economic and a kinship basis, as a household” (p. 346) and within the group “authority is exercised by a particular individual who is designated by a definite rule of inheritance” (p. 346). Members were very loyal and sacrificed personal interests for the sake of the kin group. Seniority was a prominent value. The leader of the family (EF1) was the patriarch. The decision making process during the rural times was solely based on traditions. Family decisions were mostly made during evening meetings after dinner in the family room called *divan* or anywhere at the presence of EF1. There was an expression “divan on foot” used later to show how decisions were made. It meant a group of legitimate decision makers might decide on an issue by discussing it informally anytime and anyplace on foot. The leader had the final say and everyone was obliged to obey. His authority was absolute. He let the others discuss and not interfere until a point when he stopped the discussions and delivered his decision. He was described as “always tolerant and calm” and perceived as rightful, fair, and equitable. During the urban times, he mostly did not interfere with the business decisions and was even more tolerant with the family affairs that changed with the influence of the modern urban lifestyle. CF2, in an informal conversation, described their relationship with their father: “Our father would not talk to us, his sons, when we were children. Our uncles were trusted with us, they would take care of us.” He provided more detail:
He was highly respected; even his older brothers [from the deceased mother] would walk from a distance behind him when they walked together. He would listen quietly for other ideas, and would make the decision; once he made a decision, everyone would obey without question.

Two important religious concepts that were business related were adopted from their rural practice: *interest* and *zekat*. Charging interest was not allowed as a religious rule. The family maintained the rule during their rural business. When they started operating in the urban environment, they changed the rule and applied interest charges. CF2, the financial gatekeeper of the second generation, explained how it happened during the interview: “The rule was established with the intention not to charge the poor; we would not be able to survive if we did not charge interest on such a huge amount of delayed collectibles in our new business.”

Zekat was a religious rule that is like a wealth tax; 2.5% of total personal wealth was to be distributed to the poor every year. This is something the first generation leader was very keen on and did the distribution personally every year. The zekat tradition was kept in the urban practice and applied through a foundation that the family established; thus a religious rule was institutionalized through modern forms of organizing. The calculated amount of money was distributed to needy employees, to students as scholarships, as food to the poor and to the construction of student dormitories, healthcare institutions, and mosques (religious temples) in the rural area where they previously lived.

After the family moved to the large city urban environment, they first set up Wholesale Distribution, Inc., then Holding, Inc., and then Wholesale Distribution
European Holding, Inc., the latter occurring when the Holding company merged with a pan-European company. Starting with the founding of the Wholesale Distribution Holding, Inc. (hereafter referred to as the Holding Company), ownership was divided between the extended family members, and the ownership structure did not change until 2007. Although for a long while ownership was considered communal, the division of ownership (shares) was a reflection of the authority relations between and within the extended family subgroups. The family hierarchy was apparent in the distribution of the shares of Wholesale Distribution Holding, Inc. and then of Wholesale Distribution European Holding, Inc. Of the total extended family shares, 68% belonged to the core family, sons of first generation brother EF1 (EF11 to EF17), 24% to sons of first generation brother EF2 (EF21 to EF26) and the rest was 3.5% to EF3 (EF31 to EF33), 2.5% to EF4 (EF41 to EF43), and 1.8% to EF5 (EF51 to EF56). Among the core family members, the share of the leader EF11 was around 50% more than the average of the other brothers of the core family and highest in the entire family. Not every member of the extended family was a shareholder: the shares of the sons were represented in the share of the father if the first generation brother was alive; the shares of the brothers that were under 18 were represented in the father’s or elder brother’s shares.

The family’s journey from a small village to the largest city in Turkey can be seen as a gradual adaptation (socialization) process to a “modern” lifestyle in all spheres of life. Living very close to a small city and the muhtar role of the first generation leader comprised the set of factors that introduced modern culture. Muhtar was a modern role instituted by the Republic; the leader (muhtar) lived in a web of religious ties and at the same time he was an elected official with ties to the modern government and spent time
in the small city. Living very close to a small city, the second generation had access to educational opportunities. During the years before immigrating, some of the elder brothers travelled to the large city to buy goods for their trade activities. Yet it was not an easy adaptation. CF3 pointed to the tension: “When we came to Istanbul, we were living in two different cultures; our family culture was different from the culture at work. Somehow we tolerated this and we got used to having both and we created a good combination.”

The evolution of the Group moved through gradual adaptations, but at a fast forward pace. The focus of the study was the business life of the extended family; however, modernization happened in other spheres of their social life. Weddings, for example, had a significant place in the family life, since they represent a ritual for celebrating Seyyid reproduction by pre-arranged marriages. The following is based on field notes from informal conversations with CF5 and EF31:

Before we moved from the rural setting, weddings were celebrated where men and women gathered in different physical spaces. In Istanbul, we started hiring two floors in the same hall; then we gathered in the same saloon, but separated men and women with a curtain; the curtain gradually became a loose symbol where exceptional crossovers were allowed; and then we started gathering in the same place but men and women sit at different tables. Finally, it became a blend where even women dance on the same podium with men.

The significance of marriage as a social phenomenon in human life is emphasized in several social studies (e.g., Berger & Kellner, 1964). The concept is often used as a metaphor in business life, such as talking about joint ventures as "company marriages."
CF1 frequently used the metaphor when he referred to the relationship with the foreign partner: “The marriage with the foreign partner was important for our future survival; we secured our future by marrying with them.” In 2006, he declared: “We renewed our marriage and re-evaluated our marriage rules.” For other EF members, the "wedding" was employed as a metaphor for describing pleasant situations. In an informal conversation with CF4, he said, “Our new local company openings were like weddings, like a festival for us; the whole family would be there; we would prepare like preparing for a wedding.” In another informal conversation with CF3, he said, “I insisted that we needed a computer; it was hard to register thousands of items by hand. And the first day when we brought a computer, I remember, we performed as if we were at a wedding.”

When the family moved to the large city, not only did they transfer their business skills but also their kinship solidarity, expressed in commitment to collective goals and interests of the lineage group. This time, the goals were defined by the second generation leader(s) of the kinship group, and kinship solidarity promoted cooperation towards accomplishing them. Traditions created a solid base to grow into the successful venture of the urban times. Even the wholesale business the second generation leader started was due to an entrepreneur from their hometown. CF1 learned the business after he started working for him. Being from the same hometown was a strong indication of solidarity similar to kinship. Particularistic relations of “mechanistic solidarity” (Durkheim, 1997) lead the way.

After the family moved to the large city, gradually the “productive enterprise” was separated from the household, corporate property was legally separated from personal property; and rational book keeping and the employment of free labor were
introduced. Weber (1930/1952) considered these developments of crucial importance to the emergence of modern capitalism. The early years in an urban environment, specifically the period from 1997 to 2007, represented a fast forward transition for the extended family from traditional practices to embracing modern, “universal” practices.


The founding process of the urban business occurred between 1987 and 1993. After CF1 went to college in Istanbul and graduated in 1981 from business school, he started working as the company manager of a warehouse of a wholesale distribution business. The company (First Company) was owned by three partners. The major partner was from the same hometown, and also the close relative of a friend (his wife was the sister of the wife of the leader of the political movement in which CF1 was involved). CF1 learned the business during his early times at the First Company and developed an understanding of the opportunities in the market. When the family moved to Istanbul, they set up a wholesale distribution warehouse, The Wholesale Distribution, Inc. (Second Company) in 1987 as a local operation, very similar to the First Company. The year 1987 was considered a milestone in family business history as the beginning of their current urban business. The major owner of the company CF1 worked for became a minor partner in the new company, and the family also became a minor partner in the First Company. The entire family moved to Istanbul, and members of the extended family started working in both companies assuming different roles. CF2, brother number two of the core family, was the manager of the new company. In 1989 a second warehouse was founded for the wholesale distribution of a different (secondary) product group to provide
product variety for customers. CF3, brother number three of the core family, was the company manager of the Third Company.

The second generation easily adapted to their new business, which was similar to what they had been doing in the rural area but in a different environment and with different products. They knew how to deal with large quantities and varieties of products in wholesale trade. Their family business knowledge was transferred to the new domain. Extended Family members assumed functional and managerial roles and adapted themselves to the new way of doing business. The adaptation process was best explained in the statement of CF3 during an interview:

After we decided to move to Istanbul, first we sent CF2. Then they asked me to move over. I stayed single for almost a year. I worked like an intern in the warehouse and developed an understanding of the new business. I would work very long hours; we would wait for the last delivery car to return to the warehouse late at night; we had no life other than our business. We were schooled as traders all our lives, it was very natural for us. CF2 was living in a small condominuim and we were staying with him; whoever was visiting, he would stay at his place.

They used the family name as the legal name of the Second Company and established a local brand that serviced parts of the large city. The Third Company also serviced some customers outside the large city and so did the First Company. Each company was organized functionally under the management of CF1, CF2, and CF3. The first generation was there to guide, but they were not actively involved. The extended family members gained expertise in the specifics of the new business by working at different functions and levels under the leadership of the three core family brothers. The
leader of the business and the entire family was CF1, the college graduate brother number one. In the context of this urban economic activity, the patriarchalism of the rural times evolved into “patrimonialism”, “where authority is oriented towards tradition but in its exercise makes the claim of full personal powers” (Weber, 1927/1981, p. 347) with some of what Weber calls “administrative staff”; CF1 replaced his father. He made all the final decisions; in fact he was the sultan “where patrimonial authority lays primary stress on the sphere of arbitrary will free of traditional limitations” (Weber, 1927/1981, p. 347).

Coordination and control was maintained through kinship ties. There was a very high level of cohesion and harmony in the family. Most of the family members lived in the same apartment building as a household. The authority situation stayed more or less the same until 2006 and the sultan, starting in 2003, gradually and voluntarily let go of his traditional power after that time.

The three brothers CF1, CF2, and CF3 of the core family took leading roles in their fast growing business. CF1 was the undisputed leader of the entire family. He was already married (escaped prearranged marriage and shifted to nuclear family) and established in Istanbul when the extended family moved, and he did not move to live with them. Given CF1’s physical absence in the household, CF2 and CF3 had considerable influence on the members of the extended family. CF2 and CF3 assumed leadership at home and shared responsibilities in managing family affairs. CF2 was the financial gatekeeper of the entire family, which was particularly important when wealth was considered communal.

The arrangement with three partnerships where the major shareholder of the First Company was a partner in the Second and Third Company founded by the family, and
major shareholders of the two family companies were partners in the First Company, ended in 1993. CF1, manager of the First Company and the leader of the family, developed a new growth strategy: he insisted that all three companies as a combined entity become national. The area where they provided trade services was mainly Istanbul; there was no company in their sector that provided large nationwide services. The plan was to set up local warehouses to supply goods and services to the local customers in specific regions. The major shareholder of the First Company was satisfied with the way they were doing business; he did not want to expand and take new risks. He and CF1 decided to separate. CF1 left the First Company and took with him the family members working there, all the key employees that are designated later in this study as familiar persons (FP), and strangers that are sector professionals (SPS), and set up a new company in 1993. The new company had a name different from the family name; the same name later was used for the Holding company. In 1993, the new entity was composed of three companies wholly owned by the family with a very small market share of around 3% and a turnover around 200 million dollars.

The years from 1993 to 1997 involved the transition from a local set up to national supplier of goods and services. After separation from the First Company the family started building a national brand of distribution services. The members of the extended family had accumulated experience in the new business and many of them were ready to take responsibilities to set up new companies in the selected major cities to become national. From 1993 to 1997 the focus was on geographical dispersion. In 1994, 1995, and 1996 the family set up 5 companies in major cities of different regions creating a nationwide network. In 1996 the family operated 8 companies throughout the country in
central cities with the slogan (motto) “to reach the customer within four hours anywhere in the country.” Extended family members assumed management and functional roles during this period. Some of them were assigned to set up local warehouse companies in designated areas. They moved to the designated cities on the order of CF1; no questions were asked and they worked hard. CF4 (EF14) the oldest brother describes those days indicating their dedication:

During the founding of the local warehouse company for two years, I do not recall a day that I left the warehouse before midnight. I was single for eight months and all the team of managers, we were staying all together in a small condominium. At home, we would rush to eat, play a couple of rounds of card games while planning the activities of the following day. After I went to bed, I could hardly sleep, thinking about how to guide the sales people the next day.

CF5’s (EF15) narrative is a striking example of the long hours spent at work during the founding process: “One Monday we went in the warehouse at quarter to nine in the morning and left at midnight Saturday; we worked six consecutive days, day and night; we sometimes could not catch up with business.”

The family members acted like missionaries in founding the new companies. The expertise and knowledge accumulated in the first three companies were transferred to the new locations. Group decisions were made by the family leader and coordination and control was basically maintained by kinship ties. The market share and the number of employees increased.

The turning point came in 1997 when the Wholesale Distribution Holding, Inc. was founded (first as simply represented by what was called the Holding building and
later legally in 1998). The three family leaders CF1, CF2, and CF3 from the core family moved to the new building constructed for the Holding organization. The focus was on integration until 2000 while geographical dispersion continued. The market share was close to 40% by 2000 with 27 local companies. During the years 2000 to 2003, the focus shifted to internationalization. In 2001 the Wholesale Distribution Holding, Inc. merged with a pan European company and became Wholesale Distribution European Holding, Inc. In 2003 CF1 left the Executive Committee; he wanted to create more time for searching for new business opportunities and building on social relations within the larger business community. The same year the family decided to invest in other business areas using the funds acquired during the merger. The Holding Company moved to a new building in November 2003. The era of the “business group” (diversification) started. From 2003 to 2007, the family invested in three other areas, one related to the core business and the other two totally unrelated, and several foreign wholesale distribution partnerships were established in neighboring countries. There was also a considerable increase in social responsibility types of funding in the same years.

Family cohesion eroded starting in 2005 and intensifying in 2006. The radical change of appointing a stranger professional (SP) as the General Manager of Wholesale Distribution European Holding, Inc. caused conflict to arise between the core family and some members of the extended family. Some influential members of the extended family left because of conflict over the role of non family executives. In 2007 there were only core family members left on the board representing the extended family. The core family members supported the process of new structural changes both by backing the general manager and by assigning younger CF members to work under him. All of the extended
family members other than the core family, and even some of the core family members, were out of Wholesale Distribution European Holding, Inc. execution (management). Core family members stayed as shareholders but some of the extended family members left ownership. Kin solidarity loosened within the extended family. The family rule that “whatever business is set, all of the extended family members will become shareholders” was changed (violated). Some of the extended family subgroups now had their own businesses. The overlap of business and extended family was broken. However, at the end of 2007, the extended family still lived altogether at the same villa houses, a site owned by the family.

Table 1 summarizes the business progress and phases in extended family relations during the 20 years in the urban environment.

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Table 1
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PART IV
The Process of Bureaucratization

In the present study, *bureaucratizing* is defined as the change in the nature of authority relations in a business enterprise. The concepts of authority used are based on the Weberian definitions of traditional and rational authority (Weber, 1924/1947). While the main source of authority relations was traditional culture in the organizing processes, a transition happened that resulted in including rational culture in the repertoire of the Group. The new cultural resource was utilized in the process of business organizing. The executive (management) group as a whole comprises several subgroups and their members assumed executive roles from 1997 to 2007. The differentiation into subgroups and their impact on the life world of the executive group as a whole will be examined to understand the cultural dynamics of organizing. The composition of the larger group, the subgroups, their role in organizing and the executive roles their members took, changed during bureaucratization. The focus of the study will be on the relation between extended family (EF) members, particularly the core family (CF) members, and the stranger professional (SP) members, since the study was designed to analyze the interaction of traditional and rational cultures. In the following sections, first, the definitions used in the study, such as *executive roles*, are introduced. Then, executive role changes within and between subgroups are tracked. The role change in the subgroups, specifically in the core family and extended family members, are identified in detail to show the movement of the main actors. In the section that follows, change in the meaning of the key organizing images is identified. These changes in meanings are supported with new vocabulary.
developed that represents bits and pieces of new culture. Coupled with the changes in meaning of organizing images, relocation of the actors allowed for new arrangements in the space for organizing. A formal organizational chart (scheme) was constructed in 1999 to represent the meaning of organizational structure at that time. The chart (scheme) constructed in 2006 represents the change in the cultural repertoire of the executive group and the associated change in the shared meaning of the nature of authority relations.

For the purpose of the present study, organizing images are defined as symbols constructed to make sense of organizing. When they are arranged in a coherent whole, they are called schemes; schemes signify patterns of shared meaning. When meaning is shared, it signifies a cultural frame of reference put to strategic use in the cultural repertoire of the Group. For example, a scheme for traditional authority would be the line up in social events such as the physical distance among family members when members are walking on the street; everyone knows his place automatically and images such as father, elder brother, brother are organized in a meaningful way that is shared. When, for example, women are included in wedding celebrations dancing with men on the same podium, it signifies that a different scheme is at play. When such behaviour occurs without protest, it is taken to mean that the family elders agree it is legitimate; it becomes shared, and thus the urban cultural frame is put to strategic use in a different social sphere.

1. Definitions: Subgroups, Executive Roles, Companies, and Key Images

Subgrouping. The term the Group is used to refer to the group of actors that assumed executive roles during the study, each having membership in a particular subgroup. When the Group started its journey of entering a different path of organizing in
1997, several subgroups existed based on the cultural history of organizing prior to 1997. During the period of 1997 to 2007 that the study covers, the subgroups and their members assumed different roles and those roles changed during the course of bureaucratization. There was no formal organizational chart at the beginning although there was some differentiation according to function and geography. Figure 2 shows subgrouping at Wholesale Distribution European Holding, Inc. The purpose is to identify the subgroupings at play that impacted the authority relations. Dotted lines for stranger professionals (SP) and stranger sector professionals (SPS) imply loose relations compared to straight lines for familiar persons (FP) and other relatives (OR) indicating strong affinity. Stranger sector professionals (SPS) are exposed to all of the extended family members’ power, while stranger professionals (SP) are more subject to the inner circle authority only. The circles depict the authority structure within the extended family. The subgroup definitions and structures are explained in detail in the subsequent sections.

Figure 2

Executive roles were occupied by members of subgroups, “core family” (CF), “extended family” (EF), “other relatives” (OR), “familiar persons” (FP), “stranger professionals” (SP), and “stranger sector professionals” (SPS). There were 7 people in the Core Family (CF), 23 in the Extended Family (EF) group (including the 7 members of the
CF). The CF members are defined as EF members but treated separately in the analysis.

**Executive roles.** The set of executive roles comprised Board Member, General Manager, Assistant General Manager, Holding Functional Director, Holding Regional Director, Company Manager, and Holding Advisor (see Figure 3). Chairman of the Board was a role within the Board that was included in Board Member role, and President of the Executive Committee was a role used interchangeably with General Manager (CEO). All of these roles were not present in the beginning, some of them entered later, some disappeared in time, and the meanings the Group made of them changed throughout the period of the study.

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**Figure 3**

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**Companies.** The companies included in the analysis are labelled the “Holding Company” and “Companies” (see Figure 4). Companies comprise “Warehouse Companies,” and “Other Companies” that are related to the core business (a leasing company established to manage the transportation vehicles, an IT company to manage information systems, and companies founded in neighboring countries). The Holding Company was established by de facto means in 1997, and legally in 1998; it was founded to further integrate the activities of the increasing number of Companies. The companies or partnerships established for fields of business other than wholesale trade are named “Other Investments” and are not directly included in the analysis. Although the Group
entered other fields of business, the focus of the study is on the wholesale trade, which was the core business.

Figure 4

Key images of organizing. The key images of organizing that developed among the members of the organization are “The Board,” “The Executive Committee,” “Executive,” and “Chief Executive” (see Figure 5). They emerged as fundamental authority images of organizing and the meanings they acquired and their relations changed during the process of bureaucratization. They are depicted as both dotted lines, implying loose boundaries, and rectangular straight lines implying boundaries becoming clearer in later stages.

Figure 5

2. Executive Role Change as Change in Practice of Authority Relations

Table 2 depicts the change in numbers following 1997, the year Wholesale Distribution Holding was formed, and indicates variation in the size of the subgroups and the total number of executives. In the following sections, after introducing the number change, the variation in sub groups is explained based on the movement in executive
roles within the organizational domain. The subgroups formed, evolved, gained or lost power, or dissolved grounded in the cultural history of the Group.

Table 2

The total numbers of executives increased threefold by the end of 2007. The rise in the numbers was mainly due to geographical expansion of services, which resulted in a higher number of local warehouses. This trend in turn increased the number of SPSs that managed the companies. The number of SPs also increased, as did the number of ORs. The number of FPs, EFs, and CFs decreased. In the following section the subgroups, the movement of actors within and between the subgroups and at the company and holding level are clarified.

Core Family (CF) members. Core family (CF), the seven sons of EF1, comprised the predominant group in the extended family. This was due partly to the legacy of their father who was the leader of the first generation and partly to the personal qualities of three members (CF1, CF2, and CF3). CF1 (EF11) was the elder brother (although not the oldest; CF4 was the oldest), the best educated, socialized into modernity earlier, founder of the business in Istanbul and designated as the leader by the father. He was the sultan of the second generation. He held the final decision making power. He was considered to be the visionary of the Group. CF2 (EF12), who started as the company manager of the Second Company, was the financial gatekeeper of the
family. He had a high school education in commerce at a school in the small city near the village where the extended family began. CF3 (EF13) started as the company manager of the Third Company and was the founder of the secondary product line in the wholesale distribution business. He was high school educated with a concentration in religion, also at a school in the small city nearby. CF1 was married in Istanbul to an educated person who was a lawyer. CF1 and his wife lived separately from the extended family that stayed together in a villa houses type facility where each extended family member had a single house of his own. At home, CF2 and CF3 shared family leadership. All three assumed company manager roles of the first three warehouse companies established during the founding process. They assumed dual roles of execution and ownership: CF1 until 2003 and CF2 and CF3 until 2006. CF1, CF2, and CF3 together were the “inner circle” of decision making. CF1 included the other two most of the time through “divan on foot”, even at times when he already had made the decision. The authority structure was clearly explained in the remarks of CF5: “CF1 is the number one person in our lives; he is the one who decides… For the family it is CF1, CF2, and CF3, those three are the decision making authority.”

The authority structure is evident in the following statements of CF3, when he was asked to describe incidents from critical decision making processes for the extended family.

We, the family, CF1, me, and CF2, we were doing the negotiations [with the foreigners during the merger] and a couple of times we left the table…The most important thing about bureaucratization is that the major decision makers of the family, the nucleus of the family needs to agree and support the process; in
critical times we went through the test of it; we faced opposition, but we, I specifically mean CF1, CF2, and myself, we supported the process, we were on the side of bureaucratizing.

CF4 (EF14), CF5 (EF15), and CF7 (EF17) had only primary school educations. CF6 (EF16) was the youngest. He went to college after the family moved to Istanbul. The CF members other than CF1, CF2, and CF3 worked in different levels and functions at the initial three companies and learned the new business there. CF5 provided detail in how they developed experience in the new business life.

CF1 told CF2 to have me start from scratch, from packaging; they trusted me with the chief of the warehouse. My first job was to clean the toilets; they gave me a hose and told me to clean the toilets. After working as a cleaning person, I started stocking the goods on the shelves, and after I learned about the products, I started working in taking orders; I went through all the levels and learned about the business.

When the leader decided to go national, CF4, CF5, and CF6 were the founding warehouse company managers of the ventures established in different locations. CF7 became a functional director responsible for delivery (transportation) services. When the holding structure was initiated in 1997, CF1, CF2, and CF3 assumed functional director roles, and became legal board members when that entity was legally founded in 1998. CF1 was the president of the executive committee established in 1997 (and the CEO or the general manager). Four brothers (CF1, CF2, CF3, CF7) were at the Holding; the other three (CF4, CF5, CF6) were company managers of critical locations. In other words, all of the seven CF members were in executive roles in 1997 when the process of
bureaucratization was initiated. Table 3 depicts the changes in executive roles of the CF members.

| Table 3 |

In 2000, the regional director position was established, and CF4 and CF5 moved to the regional director office. In 2003 CF1 left the position of president of the executive committee, and CF2 became the new president. From 2003 on, CF1 assumed only the role of chairman of the board. In 2004 delivery services were organized as a new company, and CF7 moved out to the Board of the Other Company. In 2006, the regional director position was abolished. Regional director CF4 moved out to the board of one of the Other Investments and regional director CF5 moved to the new position of assistant general manager. CF2 left the presidency of the executive committee to the newly appointed general manager, an SP. In 2007, CF5 was appointed as a board member, when the extended family member EF21 left the board. CF6 was assigned as an assistant general manager to the holding from the company manager position to replace CF5. From 1997 to 2007, core family members assumed executive roles and moved either out or up to board membership role, formally away from execution (management); the emphasis was more on ownership (shareholder; entrepreneurial) than day-to-day operations. The practice of authority relations changed: this upward and outward mobility of the core family members created room for strangers (SPs and SPSs).
**Extended Family (EF) members.** Extended Family (EF) members (sons of EF2, EF3, EF4, and EF5) were the members of the extended family other than the core family members (CF; sons of EF1) (see Table 4). Although they had worked at Wholesale Distribution European Holding, Inc. at some point in time, not all had assumed executive roles. They all had shares in the Wholesale Distribution European Holding, Inc. either personally or represented in their fathers’ shares. EF members other than the core family members had a hierarchy among themselves. The EF2 family group was clearly the higher up among the relations between EF2, EF3, EF4, and EF5 subgroups. The father (first generation) of the EF2 subgroup was the trader of the family and managed part of the business when the family business operated in the rural area; he was highly respected by the CFs, since he had mentored the second generation. The EF2 subgroup’s share in Wholesale Distribution European Holding, Inc. was far more than the other subgroup shares. EF21 was the only one who made it to the board of the Wholesale Distribution European Holding, Inc. He did not have any formal education other than primary school; he was trained in informal religious schools. He left Wholesale Distribution European Holding, Inc. in 2007 to set up a new business.

Some EF members started working at different functions and levels during the founding process (1987-1993). When the geographical dispersion was started they took part in company manager positions and kept on working at different levels and functions...
at different locations. In 1997, three company managers were EFs. In 1999, EF21 was assigned to the position of purchasing and sales director, replacing CF2 (EF12). In 2004, another EF member, EF31, replaced EF21 and took the position of purchasing and sales director when EF21 moved to the board. EF31 moved to this position from first company manager, then regional director. He left in 2005 to set up a new business. EF51, a functional director at the Holding, was assigned to the Board of one of the Other Investments. The number of EF members at executive positions increased until 2001 and then gradually decreased. In 2007, all the sons of the first generation brothers EF2, EF3, and EF4 were out of executive positions in Wholesale Distribution European Holding, Inc. Each of the three family subgroups started new businesses of their own. There was only EF55 left working as a company manager out of all the EF members, excluding the core family members. The upward and outward mobility was also true for EF members who provided space for strangers, but for different reasons. They differed in their opinions about the place of strangers in business life and the radical changes of 2006.

Other relatives. Other Relatives (OR) members were other relatives of the extended family who were sons or nephews from the first grandmother who died, sons and nephews from sisters, or they were distant relatives. None had any shares in Wholesale Distribution European Holding, Inc. Some of them had worked with the extended family members in their rural business. Like the extended family members, they worked at different levels and functions from the founding process on and assumed executive roles starting with geographical dispersion. One OR became a member of the board of an international operation; one OR was one of the assistant managers appointed in 2006; other ORs assumed company manager roles. In 2007, there were eight OR
members in the Group. OR members learned the business by doing and fulfilled different executive positions when needed. They were loyal to the extended family members because of kinship ties and obeyed the family leader. They had no significant role in authority relations. They were very loyal to the leader and took a neutral stance toward the process of bureaucratization.

Familiar persons (FP). Familiar persons”(FP) were friends of CF1 from his college days. CF1 was involved in radical leftist movements that were popular among university students from 1968 to the 1980s and which afterwards gradually faded away. CF1 and his friends belonged to a fraction that advocated the ideas of Mao Zedong and the practice of the Chinese Revolution. When he started in the wholesale distribution business, they started joining him from the beginning as salaried employees; like the extended family members, they learned the business by doing. The following excerpts taken from field notes of an informal conversation with an FP are a typical example of FP involvement in the Group:

I met CF1 during my university education between 1975 and 1980. CF1 was a member of the executive committee of the Socialist Workers’ and Villagers’ Party Istanbul organization and I was a member at a district organization…We had intense relations with CF1, meetings, conversations, etc. After the coup in 1980, I went to perform my military service. After the military service I was back in Istanbul, unemployed…I, with a common friend, visited him at the distribution company he was working at just to chat with him. He asked what I was doing, and I said I am looking for a job. He said, would you like to work here with me. That is how I ended up working at Wholesale Distribution European Holding, Inc.…
worked in different parts and jobs of the company: I worked in accounting, I swept the floor, I packed goods, I collected money, I arranged new customers, everything I learned, I learned by doing.

The FPs were loyal to the leader with very strong particularistic ties similar to kinship. They took part in the geographical expansion and then during the integration phase at the Holding Company. There were six of them and all assumed executive roles at different times. When the Holding was established in 1997, they contributed by transferring their knowledge of political organizing to the business domain. One FP—previously the head of the Villagers’ and Workers’ Socialist Party—was the director of propaganda (corporate communications, public relations), who later managed the monthly magazine of the Holding Company. This magazine was distributed to the suppliers and customers. Another FP became the first HR director although he had no professional background and functional knowledge of HR. The FPs contributed to the cultural resources of the Group during the initial stages of the forming of the central organization. Later they assumed other executive roles such as regional director and company manager as designated by the leader. In 2007, only 3 of them were left; two of whom were not very much involved in business operations and worked as advisors to the chairman (CF1). They might be considered quasi-professional strangers. Although they were strangers in terms of not having kinship ties, the subgroup interaction was based on particularistic ties. They also supported the bureaucratization process.

**Stranger professionals (SP).** Stranger-professionals (SP) were the bureaucrats of the organization; they had no particularistic ties either as kin or friends to the ruling family. In the very beginning, in 1997, they assumed highly technical roles (IT and law),
whose authority was legitimized due to the technical expertise involved. During the initial phase, many EF members were confused about why the two SPs were included in the Executive Committee. They frequently asked: “Why should a person who knows nothing about trade join the decision making process; what do they know about the products we distribute?” And they made fun of the term “director” by replacing it with “tractor” in informal conversations.

The number of stranger professionals in executive roles increased from 2 in 1997 to 11 by 2004, but it is not the quantity that mattered. The critical appointment of several strangers served as symbols of change in the nature of authority relations, and, coupled with outward movement of the core family members, the organizational structure was dramatically changed. The first appointment of an SP was the Accounting and Finance Director role in 1999, which changed the managing of funds from a family affair mentality to a business affair mentality. The EF members lost the power to arbitrarily use local funds under their control. The following passage from the interview with the SP (Accounting and Finance Director) shows how long it took the EF members to decide on employing him:

A common friend, vice-president of a leading bank, introduced me to CF1. We started talking about the job offer with CF1 and CF2, which took about seven months. We both took our time: they were investigating me to learn if they could trust me; I was not sure if I should take the offer, since it seemed a different type of organizational context than the ones I was used to. It was the first time they were going to hire a professional and for a very critical position: they were going to trust me with the family safe.
They were not satisfied with the investigation they did before hiring him:

Even after I started working, it took them about six months of observation and more investigation until finally they handed over the Holding Company finances to me. The first thing I did was to introduce procedures and documents to enforce rules for using money. These rules applied to all executives. Many EF members were using company money for personal finances at their own discretion. They were not comfortable with the new rules for a while but soon became accustomed to them.

The reaction of the extended family members is demonstrated in the following quote from the interview with CF4:

One day you are the boss, the second day it is over; now you are constrained by a system, a system of rules. For example, you need money, but you cannot take it from the safe as much as you want anymore, there is a limit for everyone, you are to stay within the limit. Some of the family members had a hard time accepting it, I think I was among the first to oblige with the rules; because I was an elder and I had to set an example.

In an informal conversation, when asked about the new relations around giving the key of the safe to a stranger, CF3 explained:

For our business operations we used to decide on someone for managing the safe from the family, someone we can trust; it was a family rule that the safe should be controlled by a family member because the money is kept there. When you bureaucratize, you hire someone to do the job, he does it even better than you, but of course there should be control and auditing systems; but than you are free, you
could not leave your business, the money and the safe previously, you had the key to the safe. Now you can go and work on growing your business. We set rules, same rules that apply both to the family members and the strangers, about drawing advance money from the safe, we said everyone can draw money limited to the amount of his monthly salary.

The identification of the distribution of shares by legally establishing the Holding Company as an incorporated entity introduced a new understanding of ownership mentality. Previously, “everyone thought they each owned everything”. The second appointment of a stranger (with an executive background in the sector) to the Board in 1999 initiated the idea of having a separate Board, a practice that led to the idea of a separate ownership role. The replacement of the Board member with a new professional and the hiring of a young MBA graduate in 2002, both with excellent qualifications, strengthened stranger professional legitimacy.

Another critical appointment was the HR Director, a familiar person (FP) initially, but later in 2003 a professional. HR practices mediated understanding of universalistic criteria for employment, promotion, and similar HR activities. The traditional authority system lost the power of discretion in employee decisions just as they did in monetary decisions. CF2 explained during the structured interview:

We would fire people as we wished and hire people as we wished; there were no rules to decide who is the best for the interest of the company. We have all the modern HR applications now and it is good for the company; previously it was between the two lips of the family members.
The initial SP appointments reinforced the practice of rational accounting and free labor relations in the urban environment. Experience accumulated around the new relations facilitated making sense of the modern.

In 2003 an SP HR professional replaced the FP who was the HR Director. In 2004, an SP was appointed as the Customer Services Director to replace another FP. One after another SPs started occupying critical functions. The year 2006 was a landmark year in which a new organizational structure was introduced and an SP was appointed as the general manager (CEO, president of the executive committee) and the executive power was formally transferred to a stranger at Wholesale Distribution European Holding, Inc.

**Stranger sector professionals (SPS).** Stranger sector professionals (SPS) were employees who became experienced in the companies established, or were transferred from other companies in the sector. They did not necessarily have a college degree or a business or economics degree or experience in large firms. The legitimacy of their roles stemmed from accumulated experience in the functional positions such as sales in the sector. Their numbers dramatically increased in the company manager position as more warehouse companies were founded due to geographical expansion. While there were two SPSs in 1997 who were company managers, their number was 41 in 2007. In 2005 an SPS was appointed as the director of purchasing and sales. The position was very important since all major purchasing of the goods to be sold were centrally negotiated and bought. Family traditions placed special emphasis on the activity, since family members thought money was made when goods were bought, not when sold. It was the first time this critical position was given to a stranger, another important change in the nature of authority relations.
**Company level.** At the corporate level, the number of companies and the number of employees dramatically increased due to the geographical dispersion. In 2007, the number of companies was 43 and the number of employees working for Wholesale Distribution European Holding, Inc. reached almost 5000. The local operations required managers at all levels and functions. Not all company manager executive positions could be filled with the founding groups extended family (EF), familiar persons (FP) and other relatives (OR). All core family (CF) members and most other EF members moved up and out from company manager roles. Most FPs were out of daily management. There were no FPs in 2007 occupying the company manager position. Consequently the company management positions were filled with mostly SPSs and partly ORs. There were no SPs employed for this position except a temporary occupation in 2000 when a previous bank branch manager was employed for a short time, and for the IT and leasing companies as well as the company that had been established in another country. At the company level, the number of the executive roles (company manager position) taken by the members of the groups CF, EF and FP decreased, OR influence was stable and the weight of the SPS group dramatically increased. Table 5 shows the change in subgroup composition in the companies.

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**Holding Company level.** At the Holding Company level, the role of the EF members in execution decreased and became negligible as most of them moved up and
totally out of the executive group. The ownership domination of the CF members was reinforced as the other extended family members left. CF member upward mobility in the direction of separation of ownership created space for bureaucratization. The influence of the stranger professionals (SP) subgroup increased as the CF members made moves toward supporting bureaucratization. The influence of subgroup OR was negligible and the prestige and importance of the FP group diminished. The CF and FP members supported the process of bureaucratization; the OR subgroup was neutral. Extended family members other than the core family members did not approve of the dramatic changes in bureaucratization and the resulting transition in authority relations. The core family was formally out of executive roles and the other extended family members were out of Wholesale Distribution European Holding, Inc. In 2006 the power to execute (manage) was formally in the hands of an SP member. Table 6 shows changes in the composition of subgroups in the Holding Company.

Table 6

3. Change in the Meanings of Key Images of Organizing and Nature of Authority Relations

After the Group moved to the new building in 1997, new meaning of organizing was constructed around several key images and their relationships. The key images that emerged were the board, the executive committee, executive, and chief executive officer. The meaning of the key images of organizing, and the relations between them changed
throughout the years. After some confusion, an *organizasyon şemasi* (means “organizing scheme” in the national language) was constructed and shared in late 1999. There was yet no radical change in the nature of authority relations. The year 2006 was when another organizing scheme was constructed after new meanings were developed and shared around the key images of organizing. The new scheme was a dramatic change in the nature of authority relations; it was a powerful symbol of the Group putting a new cultural resource to strategic use. In Table 7 basic meaning changes are summarized as an introduction to the detailed analysis that follows.

*Table 7*

Until 1997, the meaning of “executive” was attributed only to company managers. There was still no board and executive committee. Ultimate authority was concentrated in one person, the patrimonial chief CF1, the sultan. Coordination and control were mainly managed through kinship ties and through “divan on foot” types of meetings. Friendship ties were also utilized for relations with familiar persons (FP). Authority was concentrated in the hands of CF1, who was both the leader of the extended family (EF) and the friends (FP). The statement quoted from an interview with CF5 is typical in defining how the legitimacy of traditional authority works:

I was beaten up badly at least three times and I was kicked out by CF1; it is fine because I am his brother. The elders have all the right to decide; it is natural, it has always been like that. We are there to obey, obey without question; this is
how it happened until now, this is how it is for me. Someday someone says that he will not obey their decisions, that I would not know. While the elders are alive, do we need others’ ideas, I do not know. If you have too many ideas, it becomes hard to decide.

The Group understanding of who manages, or who is legitimate to manage, was the sultan, because he was the leader of the extended family (EF) based on traditions. The source of legitimacy was traditional culture. The extended family (EF), other relatives (OR) and familiar persons (FP) members obeyed him as a person. During the founding process, core family members dominated business life. The quotation from CF3 explains how business life was practiced as a part of the extended family life: “The companies were everything we had; and we and the companies were integrated, meshed with our culture and life style.” The executive roles were only three company manager positions and until 1993 they were filled by core family members. When geographical dispersion started, more (2) CF members, an EF member, an OR member, and a FP member entered as company managers.

1997. The year 1997 was when the transition started: although not legally founded yet, the Holding Company structure was introduced and so were the new images of the board and executive committee. Functional director positions were established for coordination and control of the functional activities of the companies, and the meaning of “executive” changed to include functional directors. These were new authority (executive) roles different from company managers of the founding period. The Holding Company structure was comprised of a group of executives separate and different from the company managers. CF1, CF2, and CF3 left the company manager roles and moved
to the Holding Company and each assumed a functional director role. An executive committee was set up. The committee met every week. The executive committee was called the central executive committee when convened as the Holding executives and the group executive committee when convened with the company managers. The Group executive committee would meet every month. The president of the committee was CF1; CF2 was named vice-president. Although the Holding Company was not legally established, the structural image of the board was introduced and referred to the group of all the executives comprising Holding Company functional directors and company managers. CF1 was the President. The meaning of “executive committee” and “the board” was the same; the board was not an independent identity. To manage, a Group member needed to be an executive; there was no distinction between board membership and executive committee membership. CF1 was the chief executive officer, but with a functional role as every other executive. The management of the Group was a fuzzy combination of the three structural images. There were four CF members, one FP, two SPs, and two SPSs in the starting group. The two SPs in the initial Holding Company leadership group were the director of information technology and the director of legal affairs. Both positions were highly technical and their presence did not significantly effect authority relations. The mission of the Holding Company was to centralize and coordinate strategic decisions such as the purchasing of goods and determining sale conditions, financial decisions, decisions to manage further geographical dispersion and to coordinate and control the functional activities of the local companies. As demonstrated in the following quote of CF1 from an informal conversation, the members of the Group felt the need to initiate a change in the authority structure:
I was the tyrant of the Group; whatever I decided was obeyed without question, I was the sultan. But our business has grown, it has outgrown me. I was making mistakes. And there was no future to it. I was not immortal, someday I would die. We needed to end this: first we established a central organization, a central committee, an executive committee.

1998. In 1998, the Holding Company was legally founded. CF1, CF2, and CF3 assumed the titles of Board Member which was required by the articles of incorporation. The meaning of “the board” did not change but a new image “legal board member” entered. “Legal” joined as a new – but vague – source of legitimacy. There was no change in the meaning of “executive” and “executive committee”. Board membership did not have significance yet. It stayed in the articles of incorporation as a legal title. However, the legal foundation of the Holding Company introduced the identification of shares. A new logic of business ownership entered the family life that was different from the communal understanding of property. It did not directly influence authority relations immediately. However, the legal founding of the Holding Company introduced the possibility of separating ownership and execution. The extended family now had relations stemming from cultural rules that were different from its family traditions.

1999. In 1999, a stranger, an SP was appointed under the title “board member”. He was an experienced executive from the supplier subsector of the wholesale distribution business. Although he was not legally a member of the Board, he was named as such and official Board meetings started after he entered. The board was separated as a new structure to include CF1, CF2, CF3, and the SP. The strategic decision making process managed by the three core family members (inner circle) as family meetings now
turned into quasi-legal Board meetings. The meaning of “the board” changed so that it was not the same as the “executive committee” anymore. The meaning of “executive” changed to include members of the board. To take part in the executive activities of the Group, one did not need to assume a functional director role anymore. Members of the Board were assumed to be members of the executive committee. The functional director roles of CF1 and CF2 were abolished; CF1 was the chairman of the board and the president of the executive committee and CF2 was the vice president. The meanings of the key images of organizing were changed. “Executive” included “member of the board” in addition to “functional director” and “company manager”. “The board” was the legal board and separate from the executive committee. The executive committee was separate from the board and a new type membership was introduced that stemmed from legal board membership.

In 1999, another stranger professional (SP) was hired as the Finance and Accounting Director. He was well educated, a graduate of a reputable college, and had gained executive experience in well known large scale companies. With the entrance of the two SPs in 1999, there were important changes in authority relations: the beginning of separate board meetings was an initial sign of ownership separation (creating the distinction between ownership and execution and pushing CF members upward); the designation of a new, competent Finance and Accounting Director was a powerful sign of legal-rational authority (rational calculation of profits and reporting). For the first time a stranger had control over the business accounts which traditionally were strictly controlled by the family within the ethos of “business as family.”
Following the change in meanings of the key images, an organizational scheme (chart) was introduced in late 1999 to show the new arrangement of organizing relations. The chart was the product of a one-day participative macro-design workshop where many of the executives participated. The scheme served as a symbol of shared meaning that guided the Group’s business practice. CF2 explains how significant the scheme was in their bureaucratization process when he was asked how the process started and if there was an incident to indicate its influence: “I am trying to remember what it was. It was called ‘organizasyon şeması’ (organizational scheme), yes that was it; everything started with an organizasyon şeması. That is how bureaucratization started initially.”

In the following figures, Figure 6 shows the structure; it is the chart officially used. Not all the functional director positions are shown on the official chart because of limited drawing space. Figure 7 shows the subgroup distribution in the organizational scheme.

Traditions did not require schemes to be put on paper; it was as it always had been and everybody knew about the structure. Having a representation drawn was a concrete
signal of a different structure that also facilitated understanding of a new relationship. The new organizing images such as “corporate board” were on paper; members could see that the board had boundaries and how it was related to other organizing images. The chart clearly showed the executives who were involved in managing. It was designed through participation of the board members, Holding directors, and a couple of company managers and openly endorsed by the inner circle (CF1, CF2, and CF3).

2000. As the number of warehouse companies increased, the Regional Directors position was introduced as a Holding Company office in 2000 to more closely coordinate company activities at the regional level. The regional director role expanded the meaning of “executive” to include the new Holding Company role. A regional executive committee was set up for each region comprising the company managers of the region. The regional directors joined the Holding Company executive committee meetings every other week. The founding of the regional director position was not a significant change effecting authority relations, however extended family members were happy to become members of the Holding Company, which was perceived as a new icon of authority.

2001. A joint venture with a London based company that had operations in many of the other European countries was finalized in 2001 after extensive negotiations that started in 2000. Fifty-percent of the Holding Company’s shares were sold to the foreign company. The merger did not bring in any structural change except legal membership on the board for the foreign company. The joint venture agreement stipulated that the partner would not interfere with the management of the Turkish operation. The merger brought in pressures for more rationalization of specifically accounting and budgeting practices, since the foreign company was listed on the London Stock Exchange. A well-qualified
SP was employed as assistant to the Finance and Accounting Director; he later was appointed as the company manager of the leasing company that operated the motor vehicles used for delivery services of the local warehouse companies. The merger did not directly affect the nature of authority relations; however it crystallized the existence of a different culture, representing the modern: in particular, a different language, English, became a symbol of change and accelerated the transitioning process in the nature of authority relations.

**2002.** In 2002, a new SP was appointed as a Board Member, and this time legally, to replace the previous SP board member who had left. She was a former CFO of a well known investment company, and she had excellent qualifications. The same year a young MBA graduate professional was employed, and he started as the Director of Business Process Development. Both he and the previous CFO brought in high quality professional competency that strengthened the legitimization process of strangers.

**2003.** In 2003, the meaning of the executive committee changed to exclude board members. The Group decided that the Corporate Board should stay out of execution. The meaning of “executive” changed so that it did not include “board membership role” anymore. CF1 left the President of the Executive Committee role, and CF2, although still a board member, was appointed as the new president, thus the new chief executive. The sultan (CF1) was formally out of executive duties in 2003. He left his president of the executive committee position and was only the chairman of the Board from then on.

Despite the fact that both roles were occupied by EF members, there was a new definition of “chief” for execution, in addition to the patrimonial chief. The chairman of the board and the president of the executive committee were not the same person
any more. The meaning of “chief executive” was modified; the management of the Group was not necessarily a “chief of the kin” role anymore. The key nature of traditional authority “loyalty to the person” was changed. Figure 8 shows the organizational chart of 2003. Figure 9 shows the distribution of subgroups in 2003.

The organizing scheme of 2003 was drawn officially a long time after the fact. It appeared in the holding company documents in 2006. There was no participative design workshop in 2003 compared to 1999 and 2006. It was a natural result of CF1 leaving the chief of executive position to CF2.

2004 and 2005. During the year 2004, the leaders of the Group were occupied with new investments. The relocation of CF1 and CF2 in 2003 was an important change in the nature of authority relations signalling the possibility of replacing the traditional authority in execution, although CF1 was replaced by another family member (CF2) for the time being. Subsequently, in 2005, the young MBA graduate SP was appointed as vice-president of the executive committee. The change triggered conflict in the extended family since many of its members anticipated the dramatic changes that would follow.
EF31 left the Purchasing and Sales Director position, and was totally out of Wholesale Distribution European, Inc. This move created another chance of radical change in authority relations. A stranger (SPS) was appointed as the new Purchasing and Sales Director: the first time a role that was considered a significant position of trade experience was filled with someone other than an extended family member. This was an important change, since trade was considered a functional expertise of the family and as uniquely different from the other functions. It was a change similar to handing over the finances to a stranger, however this time it was a family functional expertise that was being handed away. These two moves in 2005 were antecedents of the changes in 2006.

2006. In 2006, a new organizasyon şeması (organizational scheme) was introduced which dramatically changed the meaning of “chief executive”. The scheme was produced in another one day participative macro-design workshop as in 1999, where board members, holding directors, and some of the company managers participated. It became the new symbol of shared meaning. A stranger, an SP, was appointed as the general manager. The final authority in execution was in the hands of a stranger for the first time. CF2 was not the president of the executive committee anymore. He assumed only the role of the legal board member. The newly appointed general manager was also the president of the executive committee. A salaried manager, a stranger was the chief executive officer. Previously it was a core family role based predominantly on traditional authority; now it had a different cultural base. The management of the Group was not a role based on kinship anymore. The new meaning of “legitimate to manage” included universalistic criteria of managing. Two CF members were consecutively assigned to work under the stranger as assistant general managers and there were no other EF
members left in the Holding Company except one. Not every EF member was comfortable with the change in the dominant source of authority relations. The cultural understanding was imposed by the core family, specifically the inner circle. For some, kinship was the only legitimate source of power. The extended family members disagreed about the way a new cultural resource was put to strategic use. The following passages from the interview with CF2 demonstrate the struggle the extended family went through and the determination of the Core Family:

The son of one of the uncles of ours, when we brought in a stranger as the general manager, he said that he would not work under him; he complains to our uncle that we are trying to leave him out of business by assigning someone above him in the hierarchy. He believes he should rule because he is a family member; a stranger cannot make decisions for him. He told us that he would leave; we said no problem; he said I will leave the family partnership, we said, as you wish. We did not compromise and he left…There were EF members that volunteered for the General Manager position: we posed them with the question, “Do you have modern knowledge?”

The same approach was apparent in the speech CF1 delivered at the yearly Supplier’s Assembly explaining the changes in the Group structure: “EF members may be excellent entrepreneurs, but can they be excellent executives? I doubt it.” Figure 10 shows the organizational chart of 2006. Figure 11 shows the distribution of subgroups in 2006.
The new chart is a representation of the nature of authority relations in 2006. A
distinct boundary is drawn for the image of general manager (CEO). The organizing
images were related to each other in a coherent whole that represented the new meaning
of organizing. Coupled with the identity of the Group member holding the office of
general manager, the scheme signified the critical change in the cultural repertoire of the
Group.

2007. In 2007, after other EF members left and set up new businesses, the Board
comprised only CF members, and they announced they would assume entrepreneurial
roles and focus on growing the business. However, they strictly supervised and guided
from the top down (particularly CF2) through their member-of-the-board roles,
intervening in key operational decisions, and from the bottom up (particularly CF5)
through their Assistant General Manager roles. After a short while, CF5 moved to the
Board and although a Board Member, he participated in the Executive Board meetings
and worked very closely with the General Manager. Traditional authority left the front
stage, but sustained partial operational power from the back stage. The new arrangement
in the nature of the authority relations can be labelled “backstage control.” Core Family
behavior demonstrated their concerns for *continuity in change* and the way they shaped the Group’s cultural repertoire and action.

4. Developing New Vocabulary Towards Constructing New Schemes of Organizing

**Cultural repertoires at work.** The cultural repertoire of The Group evolved towards a more diverse stage where a strange cultural resource developed into familiar and was endorsed as legitimate. The transformation happened through leading members actively using cultural elements available to them as they made sense more and more of the strange during interactions with the modern. “The board,” for example, is a piece of information that in the beginning was floating around; it became an organizing image when the boundaries were cognitively drawn through extensive interactions with the modern culture. When it acquired a specific meaning within a new scheme of organizing with reference to a different culture, i.e., legitimacy of authority was understood as legal, a new cultural resource was put to use. It entered as a cultural element in the repertoire of the Group.

Swidler (2001) contends that “the easiest way to see culture as a repertoire is to examine a situation in which people mobilize several parts of their repertoires simultaneously” (p. 25). The following description, taken from field notes, shows the cultural repertoire of the Group at work:

It was an early morning in Istanbul at Wholesale Distribution European Holding, Inc. in 2001 while the employees of the holding company silently gathered in the large company meeting room for the memorial ceremony of the leader of the first generation, the father of the core family. Just recently, the economy had undergone 50% devaluation and employees were laid off in other companies all
around the country because of the crisis. People were concerned. CF1, the leader of the family and chairman of the board, invited members of the family to share their memories of the first generation leader. CF2, vice president of the board, took the floor. He said:

It was in one of the days like this, when we were in the middle of an economic crisis in early 90s. We were having a management meeting on the measures to take to stay healthy. He was in the room. He sometimes came to the meetings but he would not interfere. He would just listen. Our company was not as large then. In the end of the meeting, we decided to lay off some number of employees. Before the meeting ended, he said he had questions. He asked if we knew the employees that we were about to lay off. We said, yes, most of them. He asked if those employees had families and children going to school. We said, yes, most of them. He asked if we knew that they had other sources to look after their families and children. We said, probably they did not. He said it is not fair to put people out of their jobs; if you really need the money, take it out of my allowance. We changed our decision and did not lay anyone off. Today I know you all have worries about losing your jobs. You may stay calm. We will not lay off anyone because of the economic crisis.

The approach of the first generation leader in the story is an element of the traditional cultural stuff. Patriarchs are supposed to provide personal protection for the members of the rural community. On the other hand, in the system of free labor, it is
legitimate to lay off people. The two manifestations are contradictory. However, the leaders, despite being inconsistent, use both cultural resources.

The fragmented cultural repertoire of the Group included bits and pieces, and frames of knowledge based on the cultural history of their various subgroups and individual members. Each actor was trying to make sense of the situation using cultural resources that were distributed in different forms and combinations. For example, for extended family (EF) members, traditions were in clear forms of frames or schemes, while modern knowledge was entered in bits and pieces. For a particular EF member, it would be a different combination than for the others. For example, CF2 (EF12) had relatively more knowledge of the modern due to his high school education in the city and his experience with financing, with a different repertoire to make sense of the modern pieces of knowledge entering their lives.

As another example, while a member of the extended family obeyed CF1, the leader, based on the traditional frame of reference, members of the subgroup familiar persons (FP) made sense of CF1’s authority from a political base where unquestionable party discipline was involved. For CF1, both cultural resources were available that he could switch between as the situation (interaction) required. Political culture did not make any sense to individual members such as CF2 or CF3. Nonetheless, it was part of the executive Group’s cultural repertoire for a while. The use of schemes such as “self-criticism meetings” from political culture faded away in the meantime and in fact members of the subgroup familiar persons lost considerable influence.

The process of sense-making was different for the strangers, since their cultural repertoire was fragmented in different forms and combinations. For example, the first
stranger on the Board, later brought in his two brothers, and pushed to create middle management roles for them, a strategy of action based on the traditional resources. It became an odd situation of three brothers in the Group, like creating another extended family subgroup with no kinship association. This move was peculiar for a group that was in the process of idealizing universalistic criterion of employment. While the criterion for strangers to become a member of the Group was professional expertise, the two brothers were forced to enter based on kinship, but kinship of a stranger. Insufficient knowledge of English compounded the problem. Not surprisingly, the stranger Board member left, and his two brothers followed. Strangers knew more about modern organizing images and schemes; they were confused about the meaning of traditional symbols. They possessed the professional expertise, but how were they going to gain and maintain legitimacy from the perspective of traditional authority? While leaders and most active members of the traditional culture were struggling to learn the vocabulary of the new, the strangers who were successful were the ones that paid attention to the vocabulary of the traditional.

**Developing new vocabulary across stages of group development.** The Group went through different stages of meaning making as a new cultural resource evolved in its cultural repertoire. Table 8 summarizes the stages of group development. Bits of knowledge and ideas developed that mediated the construction of a new frame of reference. During the initial years of 1997 and 1998 there was confusion about organizing. Group members employed traditional and political knowledge available in their cultural repertoire to make sense of organizing. Bits and pieces of modern business terminology (vocabulary) were used, but in vague terms. The year 1997-1998 was the
stage of “confusion.” During the years 1999 to 2001, the Group strived to transform the executives of the traditional culture into carriers of a new culture. Going through extensive learning activities, they, specifically the inner circle, accumulated new vocabulary which they employed in daily discourse within the Group and with the stakeholders. The transformation efforts failed, especially with regard to learning English. They experienced failure in silent denial; the years 1999-2001 were the years of “illusion.” From 2002 to 2003, the Group sharpened its understanding of the need for including powerful carriers of the new culture to support the use of a different cultural resource. The years 2002-2003 involved the “importation” of more stranger professionals (SPs). The years 2004 and 2005 were the years of “preparation” for transition. In 2006, the change was made and the new cultural resource was put to strategic use; 2006-2007 was the stage of “implementation.”

The following statement of CF7 was a powerful prediction into the future of the Group, except that the actors they would decide to pay would be different. The following account is taken from field notes:

In 2001, the chairman of the London partner and an executive from the headquarters of the London company visited the Group. The chairman addressed the executives and several managers of the Group in the large conference room in
English. There was consecutive translation. CF1 took the floor after the chairman of the foreign partner. He said, “Now that we are international, the languages of the meeting are two: Turkish and English, but soon all the meetings will be held in only one language, that is English, and I expect you all to be fluent in English.” During the break, CF7 said: “Did you hear what CF1 told us; we are a hundred people here, the foreigners are only two; instead of us learning English, let us pay them to learn our language; it will save us the burden.”

In 1997 the Group was set to move into a new phase in their business life. Geographical dispersion was successfully continuing. The holding corporation was materially there: a new building had been constructed with offices and large meeting rooms. A new organizational structure was evolving. New images of organizing were being constructed. The Group was confused about the new images of organizational structure. The situation was different from “family (household) as business;” there were new organizational structures and roles and the vocabulary was not very familiar. It was hard to make sense of what was going on with reference to the traditional culture. A new vocabulary from a different cultural frame of reference was entering the discourse in their daily life. The members were confused: how are they to be interpreted; what do they mean? New structural images (e.g., executive committee) were constructed and their boundaries were later clarified and shared meaning was built around their relationships. The initial primary question related to authority relations was, how are the family members going to position themselves vis-à-vis others; kinship will rule, but how? From 1997 forward the Group gradually developed a new understanding of organizing around the new vocabulary that entered the Group life.
The first official written document of the Group after the forming of the Holding Company in late 1997 was the minutes of the first meeting distributed as “Decisions of the Corporate Board” to the company managers.

Decisions of the Corporate Board

Subject: Division of responsibilities between the Group Corporate Board Members

Number: 01

Date: 12 Sept, 1997

Group Executive Board is convened for the first time under the chairman of the Corporate Board of the Group. Members of the Group Executive Board are assigned to the following positions:

Second President of the Executive Board; Director of Purchasing & Sales

Director of Secondary Product Line

Director of Accounting & Auditing

Director of Propaganda, Press, Advertising, Public Relations, & Delivery Services

Director of Information Technology

Director of Human Relations, Training, & Strategy

The members of the executive board will have short, medium, and long term goals and tasks.
The confusion in the *vocabulary of organizing* during the initial years of bureaucratization was apparent from that very first document. The expressions “Corporate Board” (which in fact did not exist, since the holding corporation was not legally incorporated yet), “Group Executive Board,” and “Group Corporate Board” were used to define the same structure; they were used interchangeably. There were many roles assigned for some members and most roles were unclear. In the minutes of the second meeting on September 26, 1997, the group of all the executives (Holding Company executives and the company managers of the warehouse companies) was named “Group Corporate Board,” and it was declared as the top decision organ; in subsequent documents, sometimes it was named “Extended Group Corporate Board.” In the same document, the chairman was designated as Director of Foreign Relations and CF2 assumed the role of Finance Director in addition to his role as Purchasing and Sales director. In the meeting agenda for the second meeting distributed to the executive board members, the title used for CF1 was “Chairman of the Corporate Board & CEO” this time. “CEO” was written in English as “CEO.” The title CEO was never used again. For the minutes of the following meetings, CF1 was named “Group Corporate Board President,” “President of the Executive Board,” “President of the Central Executive Committee,” and “Group President” in different documents until late 1999. It was from August 26, 1999, forward that CF1 started to sign every document consistently with the title “Chairman of the (Corporate) Board.” Although outgoing messages within the Group
were consistent in CF1’s title, there was a notification sent to all executives on May 2, 2000, warning them to use the same title when addressing CF1 and stressing the importance of terminology in the Group; the same warning was repeated on May 23, 2000. It was after a stranger (SP) entered as a board member that the Group started to see the corporate board as a separate organ and began searching for a new name to make sense of it. Previously “Board” meant all the executives of the Group including CF1, CF2, and CF3, since they also had functional roles. In 1999, an executive committee was separately established that included board members. The executive committee was named “central executive committee” when convened as Holding Company executives (directors) and board members, and “group executive committee” when the meetings included company managers of the warehouse companies. The title “second president” and “vice president” were used interchangeably for CF2. The Group was aware of this confusion in vocabulary and one of the early decisions in 1997 called for unity in “terminoloji” (the word literally used for terminology in the national language) and for working on an organizasyon şeması, the local term for organizational chart. “Organizasyon” means “organization” and “şema” means “scheme” in the national language. Despite the decision, confusion prevailed and there was no organizational chart until late 1999.

The years 1997-1999 were a great leap forward in the organizing process of the Group. In late 1999 there was a clear image of organizing provided by the organizational chart; it introduced the basis for deliberate interpretation of organizing from the perspective of a different cultural frame. Having generated an organizational chart per se was a powerful sign of a new cultural resource. A chart was not necessary for showing
the kinship structure. CF1, CF2, and CF3 as corporate board members had a legal basis of legitimacy stemming from articles of incorporation in addition to kinship, the dominant basis of legitimacy. The patrimonial chief was – although literally named as “CEO” only once and the expression was never used again – the chief executive officer. The structural configuration of late 1999 did not truly change until 2006: CF1, CF2, and CF3 were members of the Board as the owners (shareholders) – and representatives of the extended family – and at the same time they assumed executive roles similar to that of CEO (or general manager) and vice-presidents (or assistant general managers). The answer to the authority question of who manages was “kinship” until 2006. How did it change?

During the initial years of organizing under the holding organization, the knowledge from the political domain was transferred from political organizing experience and used as a cultural resource by familiar persons (FPs), friends of CF1, and CF1 himself, when a new vocabulary of organizing emerged to make sense of the process. The FPs assuming executive roles and CF1 contributed to this process. An FP, the former president of the central executive committee of late Socialist Workers’ and Villagers’ Party, who was married to the sister of CF1’s wife, explained in an informal conversation: “During the initial years, we used our knowledge from political organizations we worked with; after all business or political, they are all human made in pursuit of specific ideals.”

The minutes and decisions of executive meetings were written by FPs and signed by CF1 who diligently checked the wording based on cultural knowledge from political experience. The term “Central executive committee” was used, inspired from previous political party organizing, until the plain term “executive committee” replaced it.
“Propaganda” and “strategy” were words used in the new titles. A “constitution” (after a while named “basic principles”, and finally named “corporate values”) was commissioned to be prepared by the FPs. The addressing of the employees included expressions like the following:

- “The employees have to be educated in accordance with this principle top down.”
- “We have to fight careerist attitudes.”
- “We must arrange criticism and self-criticism meetings.”
- “We should use criticism without mercy.”
- “We should not surrender to liberalism.”
- “A theoretical paper needs to be prepared on this issue.”
- “Arrogance is our worst enemy.”

Most of the documents addressing the employees sounded like a political party leader communicating with members of the party. Based on their experience and cultural knowledge that came from previously being members of a political movement that were influenced by the ideals of the communist party of China, CF1 and his friends, FPs, used vocabulary like the Chinese Communist Party assaulting the lineage organizations in the rural areas, injecting communist ideology of class consciousness. For the case of business organizing, the communist ideology was replaced by the ideology of institutionalization (bureaucratization). The effect of the political organizing culture faded out and lost influence throughout the years. In 2003, after CF1 left the presidency of the executive committee to CF2, a “stranger” was employed as secretary of the executive committee and replaced the FPs who previously wrote the minutes of meetings. The FPs continued writing for the Chairman only when CF1 addressed the Group for a particular reason.
A cultural revolution (like that of Mao administration in China) was on the way in 1997. There was a deliberate push towards building new vocabulary to make sense of new organizing ideals. The cultural resources available in the repertoire of the Group were put to use to make sense of the new. From the first meeting on there was extensive emphasis on management education, learning and training: the Group wanted to learn the new cultural vocabulary. In the third meeting in 1997, it was decided that some of the members should attend Michael Porter’s and Tom Peters’ seminars taking place in the following days. And later, CF2 attended Tom Peters’ seminar and briefed the executives on the seminar presentation. This was a striking example of global forces at play: An actor, raised as a Seyyid of rural traditions, met the icon of modernity (globalization) who spoke a language strange but simultaneously translated into the national language and yet culturally strange to him. How was he going to make sense of it?

In the sixth meeting of the executive committee on November 12, 1997, the director of human relations and training was assigned to prepare a three year strategic education and training plan. In one of following meetings, the executive committee decided HR and training specialists were to be employed at each local company. The agenda of the first Corporate Board Meeting (Holding Company and warehouse company executives together) in January 1998 included the following items: “Learning a foreign language,” “general educational campaign,” and “management training.”

In April, 1998, a campaign was started called, “There will be no executive left in 2001 who does not speak English”; the educational expenses were to be paid by their companies provided they were successful in the courses. The HR Director conducted a survey in the second half of 1998 and identified the following five areas for management
Effective management,” “time management,” “strategic management,”
“creativity and self development,” and “modernization in family firms.”

On November 5, 1998, the executives attended their first two day workshop on
effective management. The workshop was about “basic functions and techniques required
of a modern manager.” The same month the Group decided that at every meeting of the
Holding executives, each executive would present a book of his choice, its content, and
personal ideas and interpretation. In June 1999, a Search Conference was held; the Group
worked on its future through a participative strategic planning process. Later they hired
the consultant (the researcher of the present study) who managed the search conference to
support their restructuring and management development process. The learning activities
intensified with the consultant as they adopted him as an informal member of the
executive committee; they asked him to devote himself to full time consultancy services
internally. With the support of the consultant they worked on management models such
as the “Business Excellence Model” of the European Foundation for Quality
Management, subsystems like strategic planning and performance development, and
training on basic skills such as time management until he left in mid 2001. The most
ambitious project was called “manager change and transformation” that aimed to coach
and train executives to turn them into effective managers. With the support of the
consultant, the first organizational chart was constructed through a “participative macro-
design workshop” in late 1999 as a symbol of new meaning on organizing.

From late 1999 to mid-2001, the management consultant schooled the executives
in new vocabulary. The following are examples of new vocabulary: “Business
Excellence” (total quality management), “customer satisfaction,” “customer relations
management,” “employee satisfaction,” “business processes,” “business results,” “strategic planning,” and “performance development.”

The vocabulary used in the decisions of the executive committee still carried spill over from political discourse, but more (modern) management vocabulary was used that was introduced by the work of the consultant. The FPs considered the work of the consultant “scientific;” they appreciated and supported it. CF2 and CF3 whole-heartedly attended many of the management development activities. CF1 supported the process but was not an active participant most of the time since he positioned himself as already possessing the relevant knowledge. The other EF members were not as excited, but they respected the consultant and attended most of the activities. Countless numbers of participative workshops and training sessions were conducted which resulted in familiarizing the Group with the new vocabulary. After the consultant left in mid 2001, the Business Excellence (total quality management) perspective was abandoned as a model. It was clear from the vocabulary – relevant vocabulary was used only in general business terms – recorded in the minutes of meetings and executive committee decisions of 2002 after he left. “Customer relations” and “Human resource practices” were the ones that stuck as subsystems. The extensive use of the vocabulary of “management education and training” and “learning English” also faded away.

The end of the “Cultural Revolution” came in 2002. The “revolution” encouraged the constructing and sustaining of “vocabularies of motive” but the Group lost faith in the ambitious ideals of transforming the existing executives. CF1 had championed the campaign of “learning English” and he had declared: “No executive will continue working in the Group if they did not speak English by year 2000.” He was silent now.
He himself was unable to fulfil the fantasy of “I will read Shakespeare from the original in a couple of months.” He gave up studying English after several attempts including spending a couple of weeks at a school in the UK and a couple of private lessons at home. The Group was now partner to a London based international company, but none of the members of the Board spoke English. English served as a powerful symbol of a different cultural resource that was simultaneously “foreign” (strange) to the Group. Foreign language as a symbol crystallized the meaning of a different cultural frame and the competency (knowledge) to utilize it. The mother tongue of the extended family was a local ethnic language different from the national official language; all the family had learned a second language starting at primary school, which facilitated their socialization into urban modern culture. Experiencing the function of language in making sense of and adopting to a different culture, this time they tried to turn their business place into a school; they even called the training activities “okul”, which means “school” and the internal consultant that managed those activities “headmaster” (hodja). They learned about the vocabulary, but could they speak the language of a different culture that was foreign (strange), as English was to the national language? There was not enough time; they could not rewind their lives back to primary school days. The global forces were demanding that they move fast forward. The Group accepted the failure in silent denial. Consequently, they brought in two powerful carriers of the new cultural frame in 2002: the strangers (SPs) were both fluent in English, had excellent educational qualifications and sophisticated knowledge of functional expertise. The Group had placed special emphasis on the value of expert knowledge of professionals from the very beginning, and the failure had accelerated the decision to bring in more.
The year 2003 was the beginning of a new stage in the Group’s life: they moved to a new building, CF1 left the presidency of the Executive Committee to CF2, and there was a “stranger” who was employed as the “secretary” of the Executive Committee. He was also the assistant to the Chairman. Instead of FPs, it was the stranger who wrote the minutes and decisions of the Executive Committee starting with the new President. The vocabulary used was plain business; most of the time minutes of the meetings were recording the sentences used without any interpretation and the wording of the decisions was short and to the point. The concern for acculturation seemed to have diminished. The same practice prevailed throughout until the end of 2007, the end point of this study. Another powerful change was replacing the FP occupying the Director of Human Resources position with a professional from a formal HR practice in 2003. The new actor enhanced the use of business vocabulary. The relations with the foreign partner, initiatives of new international partnerships in the region, and the funds acquired by selling the shares were very well managed by the new stranger (SP) in the Board. The young MBA graduate was an industrial engineer, working hard on improving the operational processes of the warehouse companies, by introducing technical rationality into the local operations. During the years 2002-2005, the new SPs proved themselves to be excellent carriers of a new culture. The Group prepared for radical changes in organizing. The young SP was appointed as the Vice President of the Executive Committee in 2005.

The turning point in bureaucratization was 2006: a new scheme of organizing was constructed. The Group had a new organizasyon şeması (organizational scheme). The main question of authority, “who manages?” was treated differently now: the “chief” was
a stranger, the carrier of a different culture. It became legitimate to have a “stranger” as
the “chief.” The vocabulary accumulated coupled with the upward movement of the EF
members and the practice of the carriers of the new culture mediated the construction of a
new frame of reference. The Group was prepared to interpret organizing using a new
scheme. By creating a new organizational chart with reference to role changes, the nature
of authority relations was changed to include the new cultural frame in the Group’s
repertoire. CF1 declared: “The years following 2006 will be a new phase and called
‘years of measurement and control.’”

The Group implemented its ideals. The upward movement of the EF members
was internalized by the CF members as put forth in the following quotes from interviews
with CF2:

When they tell me we will replace you with a stranger, I feel happy, because I go
upwards, to higher places. Previously, if they told me we will replace you, I
would get angry, I would say I am the one who created this place, am I not
successful, why I should go? Now I understand. Now if they tell me we will
replace your place even in the board, I will be happy. We have a young person
and have placed him at the top of us and we are all working for him; he is the
general manager, we work for him and we are very happy.”

And CF3,

When we leave a position, we want to be of value to the Group. We do not have
an understanding such that a stranger will manage and we will control and rule
him. We started thinking, a stranger will manage and we will work on growing
the business.
The remarks of CF3 during an informal conversation portray the new understanding of authority—the decoupling of kinship and execution—in the minds of the traditional culture actors when he referred to a professional role he assumed for a short while in other investments as the chairman of the executive board: “He [CF1] can shout at me or scold me as my elder brother, I have to obey him, but he cannot do the same to me as a professional.” CF4 explained the new meaning of authority: “CF1 is younger than me, but when I visit him at his office, I knock on his door and make sure he is not busy; he is the chairman, I have to respect him.” Tradition required obeying the elder. Previously, elders shouted, swore or scolded and everyone took it as something normal, as the way it always had been. When they started making a distinction, it signalled a new understanding of separating the office from its incumbent.

5. Change in Use of Physical Space and Time

There were two physical settings for the Holding Company in the Group’s life from 1997 to 2007: The structure built for initiating the Holding Company organization in 1997 and then the structure rented (leased) in 2003. The differences in the use of physical space and time signified varying understandings of organizing.

The choice of and physical layout in the two buildings symbolized two distinct separations. In the first building, the inner circle separated themselves from the warehouse companies they ran. However one of the many new warehouse companies occupied the first and second floors of the five story new building; they were not totally separated from day to day operations of the warehouse companies. Although they were not involved in the operation of the warehouse company downstairs, they used the same
door to enter the building and ate at the same cafeteria with the employees. Every executive of the Holding Corporation, experienced the relationship in material terms.

The family owned the first Holding Company building. When they moved to a new building, this time leased, not only did they separate from the distinct meanings of using space but also separated from ownership of the physical space used: it was a powerful signal of separation of ownership of material practice. They started using something that they were not physically related to.

The layout of the physical space in the first building was very different from the second one leased, clearly in line with the organizing practice and meanings that were relevant in the two different phases. In the first building there was a conference room designed just like a large classroom with student chairs. The room could accommodate all the executives of the Group for workshops and all kinds of meetings. The sharing of physical space by the subgroups represented the existing authority relations, but it was in line with the meaning of key images of organizing. CF1, the chief, always sat at a head table if managing the meeting. Everyone else sat in student chairs altogether, with CF2 and CF3 sitting in the front rows; if it was a meeting not run by CF1, he sat among others in the very front row. All the executives sat together including board members. After the Group moved to the new building, there was no large conference room designed like a classroom, and the board members started to sit separately at a side table if not a head table in large meetings. The demand for the large classroom disappeared since extensive learning activities faded away after 2002, and board members sat separately since board membership acquired a distinct meaning.
In the first building, there was a large meeting room for executive meetings and no meeting room separate for the board. The room of CF1 was next to the large meeting room with a door that allowed him to enter the meeting directly from his room. In the second building, all the board members had rooms in a section with an entrance separate from the other executives and a meeting room for only board meetings. Executive meetings were held in a large meeting room in a different section where the Holding Company executives and employees were located. The rooms of all the board members were large and furnished to portray status differences. The room of the chief was the largest, but did not open to the meeting room as it had in the previous building. CF1 was not as interested in executive meetings anymore, and he in fact left the president of the executive committee role to CF2 in 2003.

In the first building, everyone in the Holding Company ate lunch together in a large cafeteria and with the employees of the company located in the first two floors. If CF1 or other executives had guests for lunch, they hosted them at one of the tables, just with the difference of a white tablecloth. In the second building in 2003, the room used for board meetings was also used for hosting guests of the board for lunch. The cook who used to prepare lunch in the first building for everyone in the cafeteria was now operating a small kitchen just for cooking for the board members and their guests. Everyone else ate food provided by a catering company; board members ate meals prepared by the cook even if they were not hosting any guests. The meaning of board membership crystallized through status symbols of physical lay out and every day practice that paved the way to ownership separation. On the walls in the cafeteria of the first building, there were photos of the employees who had passed away at work. They were not carried to the new
building in 2003. The symbols of emotional attachment to day to day operations diminished.

In the first building, executive committee meetings were held every Tuesday afternoon, lasting 5 to 7 hours. The board was part of the executive committee than. The chief took the liberty of taking much of the meeting time, but he did pay attention that others could present their ideas if they wished to do so. An FP assumed the role of the secretary of the executive committee and prepared the agenda based on the suggestions and the final approval of CF1. The meeting ritual started with the book presentation session (every executive presented a book of his choice that he had read, and discussions, mostly energized by the chief, followed). Most of the time the Group got stuck on one of the agenda items when CF1 got carried away talking about a burning issue. A field note indicated him once talking three hours nonstop. When he was reminded of his long talks, he replied: “Those were the days of learning and education. I had to lecture and teach to change the minds of the executives.”

CF1 was also interested in sparing time for talking about everyday national and world politics and economics. CF2 and CF3 were mostly silent, never confronting CF1 openly. The Group also set aside time to evaluate important decisions of the local company meetings as well as complaint letters sent to CF1 personally from suppliers, customers, or employees. In the second building, the structure of the meetings changed, CF1 chaired only the board meetings where not as much time was allocated compared to previous meetings of the executive committees.
PART V

Legitimizing Bureaucratization: Patterns Underpinning the Process

1. Introduction

After showing (1) the movement of the actors, specifically the carriers of the traditional and rational cultures through the evolving structures of the organization, (2) the meaning change in key images of organizing, specifically the development and use of vocabulary that fed into meaning change and (3) the use of physical settings and time in the process of bureaucratizing, the study is now set to explore an overall framework of legitimacy drivers. Propositions are introduced as mechanisms that mediate the process. The mechanisms identified are based on the empirical material used for the analysis of the process of bureaucratizing.

During the initial stage of bureaucratizing, organizing symbols that were named “vocabularies of motive” were introduced that drew the attention of the Group to a different cultural frame. The extensive participation of the members of the Group in diverse number of interactional domains facilitated experiencing familiarity around the meaning of these new vocabularies of motive. Powerful representatives of the new cultural frame were transferred who helped the Group to appreciate the new cultural frame. The new actors of modernity and the members of the traditional culture adopted vocabulary and practices that helped to develop a new understanding of organizing. Major stakeholders approved of the vocabulary that represented the new culture that reinforced deliberately considering the new way of doing things. A “humane way” of management facilitated dealing with the dysfunctions of bureaucratization. During the
transformation process the Group had to deal with paradoxes and contradictions that were hard to solve; myths were fashioned, told and untold which helped the Group maintain a sense of order under high levels of anxiety.

These emerging properties of the process co-evolved, entered the dynamics of the cultural change as powerful forces and reinforced shaping of the cultural repertoire of the Group. Rational-legal culture was put to strategic use and during the process, bureaucratizing acquired legitimacy.

2. Overview of the Propositions

The study assumes legitimizing bureaucratization “is built upon language as its principle instrumentality” (Berger & Luckmann, 1966, p. 64), thus the research was set to observe “acts of communications with others” (Sewell, 1992, p. 21). Taking into account the power of “natural language” in understanding organizational processes (Daft & Wiginton, 1979) the study focuses on vocabularies that represent bits of information and the process of organizing them around coherent wholes.

The legitimizing process in the Group may best be explained by using the well known metaphor of a “bricolage” (Levi-Strauss, 1966) that is cognitively constructed in the present case. The study identifies mechanisms that mediate the process of constructing a new frame of reference to include in the cultural repertoire of the Group. These mechanisms are presented below as propositions in a micro theory of transformation. The leadership of the Group, like a “bricoleur,” employed these mechanisms as major pieces and practises in constructing a new scheme of organizing. It is like choosing the pieces to solve a puzzle: the puzzle of a culture that was strange to
the Group. At the center of the bricolage were “vocabularies of motive,” thus the first proposition:

*Proposition 1:* Introducing powerful “vocabularies of motive” mediated attracting the attention of the Group to a different cultural frame of reference.

Another major piece was the variety of interactional domains and the density of actor participation in those domains. Opportunity in experiencing—intentionally created—countless moments of interaction with actors of the modern culture introduced the Group to the new vocabulary. Thus the second proposition is:

*Proposition 2:* High levels of participation, especially among senior organization leaders, in a variety of domains for experiencing new meanings, generated the familiarity with the new vocabulary necessary to make sense of a different cultural frame.

While getting familiar with the new, the transfer of powerful actors of the modern culture supported the Group’s struggle to make sense of the new. The modern actors joined the other actors of the Group who had assumed the role of bricouleurs. Thus the third proposition is:

*Proposition 3:* Transferring powerful representatives of the new culture into the old enhanced the practice of the legal-rational frame of reference.

Forming a new frame of reference required drawing analogies between the new and the old that facilitated making sense of the new based on similarities. Polysemous expressions, metaphors, and practices expedited creating similarities, making it easy for the bricouleurs to locate the related pieces. Thus the fourth proposition is:
Proposition 4: Adopting vocabulary and practices that addressed both traditional and modern frames enhanced and maintained legal-rational legitimacy.

While collecting the pieces and attempting to create coherent wholes, the bricouleurs chose to check their progress to see whether it fit with the expectations of the external legitimating actors. This practice reinforced the right choices approved by powerful stakeholders. Thus the fifth proposition is:

Proposition 5: Seeking approval of powerful stakeholders, when reciprocated, reinforced the legitimacy of a new frame of reference.

The actors were not aware of the possible dysfunctions of bureaucratizing such as unadaptiveness and stifling the humanity of employees. Although unintentionally, the Group adopted a humane way, based on family traditions, political cultural resources of the familiar persons subgroup and methodologies available in the management culture of the wider environment. Thus the sixth proposition is:

Proposition 6: A “humane way” of management facilitated dealing with the dysfunctions of bureaucratization.

During the transformation process, the Group had to deal with paradoxes and contradictions that were hard to solve. Myths, told or untold, helped the Group to maintain a sense of order under high levels of anxiety. Some of the myths were represented in the bricolage (Levi-Strauss, 1966) constructed and yet others stayed behind appearances observed. Thus the sixth proposition is:

Proposition 7: Myths fashioned in the process mediated dealing with the anxiety created during cultural transition in the Group.

3. The Propositions Elaborated
Proposition 1: Introducing powerful “vocabularies of motive” mediated attracting the attention of the Group to a different cultural frame of reference. In 1997, a new cultural frame of reference was entering the life of the organization. New vocabulary was floating around representing a new culture. The Group was confused and disturbed with many different symbols that were strange to the dominant culture. This raised some important questions. Why should they pay attention to the new vocabulary of organizing that did not make much sense to the members of the traditional culture? Why was there a Holding Company? What was a “director”? What was a “board”? What was an “executive committee”?

Four organizing symbols among many moved to the forefront as vocabularies of motive: “geleceğe kalmak” (ensuring future survival, staying alive), “kurumsallaşma” (institutionalization, bureaucratization), “yabancı ortaklık” (foreign partnership) and “halka açılmak” (going public). Their role emerged so as to create a positive image of the future and images of the means deemed adequate towards that end. The four expressions were interconnected: staying alive was only possible through institutionalization which (also) required foreign partnership and (or) going public. They were powerful symbols (psychological drivers) that served as magnets of meaning that collected new vocabularies and stored them to later (gradually) arrange under a scheme. The following narrative, quoted from the structured interview with CF3 is a typical answer for CF members when asked why the Group decided to bureaucratize; it was a common understanding for all that bureaucratization was very strongly coupled with ensuring future survival:
The reason why we wanted to institutionalize (bureaucratize) was that we wanted to stay alive, we wanted our companies to survive in the future. And in order to survive we believed we needed to go international and go public. This is what came out of the search conference we had; we searched to find out how we could survive and these two main things came up.

In 1999, the group decided to have an Emery (Emery, 1993) type search conference with the suggestion of CF1. Search conferences were becoming a fad (very popular among large firms) then. The chairman had participated in a search conference conducted for the future of the sector, where the major suppliers were represented as the principal stakeholders; that is how he decided that the Group should go through one. The search conference took place in a hotel away from the business, starting on a Friday afternoon and ending late Sunday. Throughout the weekend the participants worked on the future of the organization in plenary and small group sessions. All of the CFs, many (the leading) EFs and ORs, all the SPs and some of the SPSs participated in the process. The two critical strangers, the new SP accounting and finance director and the SP board member had yet to be appointed, but they were invited to the search conference as well. After two and a half days of meeting in a retreat, the common ground around the ideal of **kurumsallaşma** (bureaucratization) was established. The ideal future of the group was painted: the group discovered and shared the vocabularies of motive.

The search conference that took place in 1999 showed how strongly the Group was pulled towards the ideals noted above. The outcome of the conference was summarized in Table 9. All the members—divided into six small groups—repeatedly used several of the four vocabularies of motive.
“Staying alive”, coined by CF1, set the stage for deliberately considering new images of organizing. Given the extended family history that was traced back to more than a thousand year, “Seyyid” as a sacred symbol of their existence, had survived for hundreds of years. The image of Seyyid had a meaning in the rural context. How would they be able to survive (reproduce) within a social context where Seyyid did not make sense? The powerful questions of survival gave meaning to the search for new means. The following excerpt taken from an interview with CF1 about their family history demonstrated their confidence in the adaptability of the kinship:

Our family is very open to change. That is how our kinship has survived for 1400 years. We easily adapt to the new developments in our environment. We are a progressive family. We are not conservative. It is not possible to survive if you can not adapt to the changes around you.

Institutionalization (bureaucratization) entered as the basic symbolic vehicle that would carry the Group to eternity. Now that a symbol that had the power to carry them to eternity was loosing legitimacy in the new context, if they stayed with a symbol that was tied to persons, how were they going to deal with mortality? They gradually recognized that the magic was embedded in another form of person: “legal person” (*kurum*). This fuzzy understanding in the beginning was what made institutionalization
(bureaucratization) attractive. “Legal person” was like the spirit that lived forever after the person died according to religious beliefs. If they desired to live forever, since Seyyid had no meaning in the new context, they needed to create a collective (legal) person that they believed had the power for staying alive. To solve this paradox they sacrificed the underlying symbolic base of their existence and institutionalized a new cultural frame of organizing. As a result, the image of extended family for business organizing died: the Group split apart in 2006 when the new meaning of existence was put to strategic use in the cultural repertoire of the Group. The new meaning was not shared by some of the extended family members.

The local word kurumsallaşma means institutionalization in English. The origin of the word comes from kurum, that is, institution. In the business world, kurum is also used to mean corporation implying the legal form that allows separation of ownership and execution. Kurumsallaşma is used in the local management development discourse to mean “restructuring of family businesses” by introducing rules, specialization, hierarchy and impersonality to achieve efficiency and effectiveness in the organization; which in fact is bureaucratization. However, in the national language “bürokrasi”, i.e., bureaucracy” is generally used for government organizations and not commonly used for business organizations and when it is used, it connotes a bad image, such as implying red tape.

In the official documents of the Group, the first time the word kurumsallaşma appeared was September 7, 1998. There was no frequent use of the word until after the search conference in June 1999. The meaning of kurumsallaşma was not clear yet, however it entered the daily vocabulary of the group as a powerful symbol of a new
cultural frame; it became the modernizing ideal. Coupled with the motive of staying alive, the attention of the actors—specifically the ones carrying the dominant frame of reference—was attracted to deliberately consider (reflect on) the new symbol and the associated symbols; they became receptive to new bits of information. These vocabularies of motive were reinforced by new relations and interactions with related social actors, where the new vocabulary was used and associated vocabulary was learned.

Institutionalization was tied to “foreign partnership” and (or) “going public” that mediated making sense of the vocabulary new to the Group. In 1997 CF1 was assigned the role of foreign relations director and the search for an international partner began. In an interview CF3 described how the process of merging with the pan European company enhanced their experience with the modern with an emphasis on the role of cognitive processes: “foreign partnership process added so much value to our lives like growth, but the most important thing was that it contributed to changing what was in our heads, structures in our heads.”

Although they considered doing so several times for the national market, Wholesale Distribution European Holding, Inc. did not go public; nevertheless, they became public through the foreign partner that was listed on the London Stock Exchange.

**Proposition 2: High levels of participation, especially among senior organization leaders, in a variety of domains for experiencing new meanings, generated familiarity with the new vocabulary necessary to make sense of a different cultural frame.** The Group was open to work with other parties like consultants and business schools that were carriers of modernity. The relations with other parties created a variety of domains of interaction for the two cultures of tradition and
modern. These relations not only worked as a source interacting with the meaning systems related to the Group’s ideals but also as a medium for bringing in strangers who were carriers of the new meaning systems. The Group worked with a financial consultant company for the merger, a management consultant for organizational development purposes, and a family consultant for family issues, in addition to many management education and training consultants for specific training sessions. The practices created in and around these new domains of interaction provided new vocabulary to make sense of the different cultural frame of reference and also established relations with stranger professionals (SPs) who later transferred into the organization as carriers of the new cultural frame.

The following passages taken from interviews, structured interviews, and field notes are examples of how, specifically the CF members, recognized the need for learning experiences. Other EF members and SPSs always participated and the FPs were strong supporters of the process. CF3 said: “you cannot achieve bureaucratization (institutionalization) without outside help.” And he described how it helped the Group recognize what was not present in their cultural repertoire: “these educational activities, these experiences we went through, they started to open our minds…we had educational activities and when we did that we could see what we were lacking of course.” CF2 described the process: “that is how we started institutionalization, I mean we took lessons, consultancy; consultants came and they lectured.” CF4 explained the link between ensuring future survival, bureaucratization, and the contribution of education: “you want your company to survive, you must bureaucratize; professionals many times taught us, we discussed this and we accepted it; it is not easy to change.” CF5 justified
the need for learning: “you cannot manage a bureaucracy with your limited knowledge, you can not manage with a mentality that is based on the fact that you know trade business; therefore we determined our educational needs.”

The merging process was initiated in 1998—and the work with the merger consultant itself—introduced them to financial knowledge and rational calculations of economic value. The process created the opportunity to appreciate the use of a different and financially complex vocabulary. Furthermore, a different language, English entered as a third language different from their mother tongue and the national (official) language of societal modernization. The negotiations took place in English. The new language signified being alien (strange) to the new meaning system. The Group appreciated the knowledge and skills not available among the carriers of the dominant frame and understood the distinction between the two frames. Negotiating with the foreigners made it clear that it was a distinct set of meaning systems not available in the dominant cultural frame and not easily obtainable. The experience they went through later supported the idea that carriers of the different cultural frame needed to be recruited into the organization. It was during the interactions with the financial consulting company that they met the SP board member (she was the CFO of the consulting company) who was hired by the Holding Company in 2002: a well qualified stranger with an excellent school and career background.

After the search conference that took place in 1999, the chairman asked the consultant who managed the conference to work with them as an internal consultant and support the process of organizational development efforts in accordance with the objectives of the search conference. Together they initiated a program that included a
series of extensive workshops lasting for almost two years. The program started with “Business Excellence” workshops (total quality management the European way), first with the Holding Company executives, then with company managers of the warehouse companies and functional managers of all companies. Then followed “performance development” workshops, “managerial competencies” workshops, “strategic planning” workshops, “what is management” classes, “customer relations management” workshops, that introduced the basic concepts of modern management to the companies’ leadership.

During his relationship with the organization, the management consultant, affiliated with a reputable business school, brought in a project group doing their second year MBA in 2001. Three MBA students worked on a project called “sales team development” at the Wholesale Distribution European Holding, Inc. site. CF1 allowed them the freedom to collect any type of information and make observations including of the executive committee meetings. The students worked closely with the executives of the Holding Company. One of the students of the project team, a stranger with an excellent school background, graduated as top student of his MBA class and was employed in 2002, later becoming the SP general manager in 2006. CF members also participated in executive development activities of the university. CF3’s depiction of their experience with CF2 at a workshop indicates how the learning experiences influenced their meaning making process of bureaucratization:

Me and CF2, we participated in a corporate governance workshop at the University; we stayed at the school for three days. They told us to create a virtual company to open up to the public and see how valued our virtual company was by getting votes from our classmates. We were in the process of bureaucratizing then
and we described our own company. In our structure the auditing department was reporting to an owner board member. We learned that had it been an independent board member, the value of our stocks would have been higher.

In 2002 the family started to work with an American family consultant. CF2 considered their decision to be institutionalization in the sphere of family. He even mentioned the amount of the consultancy fee they paid to indicate the value they attached to the experience: “We then institutionalized our family. That is we worked with consultants; we paid around 250 thousand dollars.” During a two day retreat, “open space technology” was used to work with about one hundred members of the family and relatives on issues like the place of woman, educating the third generation, family values, and information sharing. An agenda for change was developed which resulted in a family constitution and a family executive committee. Unfortunately the change efforts faded away as conflict arose within the extended family on the meanings of key organizing images and the role of the SPs.

In the meantime, the family got more settled into the urban lifestyle. Although they spent most of their time at work, their relations with the executives and owners of the suppliers, the customers and other practices of modern life in the large city in general, specifically the education of the third generation, constituted new experiences with the modern cultural frame. That, in turn, had spill over to their understanding of business life. Two different cultural frames lived side by side; the modern entering more into the meanings and practices of the family’s daily life, or “habitus” (Bourdieu, 1972). Expanding the social domains of the new frame and intensifying the number of interactions with the modern world resulted in an increased number of experiences with
new meanings that challenged the traditional. In the initial years the boundaries of the different frame for organizing were not clearly constructed yet. However, the process described above mediated the transition by generating the availability of new vocabulary and deliberate attention to new meanings.

**Proposition 3: Transferring powerful representatives of the new culture into the old enhanced the practice of the legal-rational frame of reference.** In 2002, the merging process was well underway. Relations with the foreign partner required not only better prepared financial reports but also knowledge of excellent English to communicate at the strategic level. The CFs on the Board did not speak English. The SP board member, although an experienced executive from the suppliers sub sector, was not very good in English. The demands of the new era called for different competencies (knowledge). CF2 explained:

> We are in a joint venture now; we need someone to manage our relations with the foreign partner, someone who will understand their expectations and adopt to our context; yes we are good in the local market, but we do not have the necessary knowledge to deal with the foreign partner and we do not have the experience to operate in the international markets.

The inner circle turned to a person who had influenced them during the merger negotiations. She was the former chief financial officer of the consulting company that Holding Company worked with for the joint venture agreement. She had resigned for personal reasons and was not employed when they offered her board membership at Wholesale Distribution European Holding. In the following passage from the structured interview, the SP side of the relation is told:
In September 2002, CF2 called. We like each other a lot. He invited me to his office. I had no idea that I would get a job offer; I thought he was going to consult me on some financial matter. CF2 said there was a position in the Board and asked if I would be interested in joining. I already had a sympathy that stems from the merger negotiations. I said why not.

The new SP board member had excellent qualifications of modern education. She was an Istanbul American High School graduate and had a business degree from the most prestigious state university in Istanbul where the classes were in English. She had worked for an American auditing company, one of the big four, gaining experience in auditing, valuation and financial management. While doing auditing, the major suppliers of Wholesale Distribution European Holding, Inc. were among her customers, so she was familiar with the sector. She easily adapted to the relations with the foreign partner. One of the main policies of the Group was positive discrimination for women and young people. She very well fit with the overall image of the Group for external legitimacy purposes in addition to the expectations of the inner circle. She in fact strived to portray the image of “a member of the inner circle.”

In 2002, another professional was hired to the position of Director of Business Process Development. The young SP was the graduate of German High School in Istanbul and had a degree in industrial engineering from the most prestigious college of engineering in the country and also an MBA from a prestigious private university in Istanbul that taught in English. He did not have much business experience; however, as a well educated, smart, hard working young man (he was 26 years old then) he very quickly built trust in his relations with the inner circle. The Group knew him from the
project he worked on in his final year in the MBA program. The project group of three students were brought in with the initiative of the management consultant the Group worked with from 1999 to 2001, and the consultant strongly advised the chairman, and he subsequently was hired. The young SP told in one of the interviews how he was invited in:

After I graduated there was an economic crisis and the Group postponed hiring decisions, although several times CF1 had mentioned about giving me a job. I took a position at an American auditing company for a couple of months, which I did not enjoy, and I left to take another job in a city nearby. In a year or so, CF1 asked me to meet him in his office. He said, ‘You know us and you are familiar with the sector since your parents are among our customers. I know you enjoyed the times at our site while doing your MBA project, and we liked you. I would like to plan the next ten years of our Group with you.’ He said, ‘In a very short time we went through a rapid growth at the expense of not paying adequate attention to our critical business processes. Can we analyze the processes and see how we can improve them, modernize them, bring in more productivity.’

The young SP did exactly what was expected of him as the Director of Business Process Development and proved himself to be ready to take over after assisting CF2 as vice president in 2005, while CF2 was the president of the executive committee. In 2006, the inner circle was confident that the young SP could become the new CEO of the Group.

The foreign partner was very satisfied with the new board member and so was the financial community with whom the Group was in relation. The strategic management of
company and family finances and expansion into the foreign markets was very well handled by the new SP. The suppliers, mostly large international companies, were happy with the operational improvements brought in by the young SP and developed more confidence in the future of the Group based on the increase in professional influence in management. The transfer of the two SPs facilitated gaining legitimacy for professionals in the Group.

**Proposition 4: Adopting vocabulary and practices that addressed both traditional and modern frames enhanced and maintained legal-rational legitimacy.**

There were vocabulary and rituals that emerged in the Group life that had the capacity to address both frames simultaneously. The following illustrations are striking examples of vocabulary and rituals that reinforced similarity in both frames of reference. They supported the process of gaining and maintaining professional legitimacy.

*Vocabulary implying similarity: The hodja.* When the Group started working with a management consultant, they named him “hodja”. Everyone in the organization called him “my hodja” instead of using his name. Whenever they used his name, they put hodja after his name. Members of the Group were very comfortable with the term and used it respectfully, since it meant “teacher” in the religious domain (like “Rabbi” in Judaism). The power of the image facilitated likening his “teaching” to “preaching” as an actor representing the modern. The vocabulary used facilitated the act of moving between the different frames by establishing a relation that resonated between the two. Hodja had the power to represent both domains. It made it possible to be critical of the existing old models, since the new cues were considered to come from a legitimate source of authority. The respectful behavior (attitude) showed in practice from the leader of the
family himself and other leading family members signalled the presence of some other frame that was also legitimate. The term originated from a traditional societal experience, thus it cut across diverse domains. The main occupation of the ancestors of the family before the first generation started trade was preaching religious knowledge, thus hodja had a powerful image within the family experience.

**Implying membership in the other subgroup.** The key actors who were carriers of modernity used vocabulary that suggested membership in the traditional domain. Some examples from the Group’s life that are taken from field notes follow.

During the first meeting of the executives from other investments in 2005, the meeting started with each executive introducing himself or herself. CF3 was managing the meeting as the Board member of the company responsible for other investments. When the turn came to the SP member of the Board of Wholesale Distribution European Holding, Inc. came, she said: “I have been working here for three years now; people know me.” And she turned to CF3 and asked, “I am considered a member of the family, am I not?”

She was not necessarily asking for approval but making a remark. It showed there were different domains of legitimacy and obtaining and maintaining legitimacy required acceptance by reference to the dominant frame. It reinforced the authority of an SP but also drew the attention of the others to the presence of another frame.

When she commented about an SP from other investments that left the company after working for a short period, she said, ”He was not successful in using the appropriate vocabulary; he stayed strange. Inoculation was not successful.”
Her remarks pointed out the significance of the use of appropriate vocabulary in establishing trust and gaining legitimacy. She used the metaphor of inoculation, likening the Group to a tree where through grafting you can change the tree and its fruits. For grafting to be successful the tree needs to embrace the strange.

When asked about the adaptation process for the strangers during the structured interview, EF31 commented: “The ones that stayed with us and which the family trusted are the ones that could have a good dialogue with the family members. For some, ‘maya tutmadi’ (the yeast did not work).” For example, the first SP board member appointed in 1999 was never heard to use vocabulary of kinship structure. He positioned himself as close to CF1, but not the others; he discriminated in his relations with the extended family members. After the young MBA graduate SP was appointed as the general manager in 2006, he frequently used the expression “we are like brothers” when mentioning CF6 who worked with him as an assistant general manager. He called him “big brother” in public. This helped the CF6 deal with the issue of working under the authority of an SP. At the wedding ceremony of the SP, the general manager, the Chairman addressed the relationship between the different frames by saying, “They [the couple] are our children. They will give us healthy children who will take our company into the future,” interpreting the social phenomenon with reference to the dominant frame, reinforcing the legitimacy of the rational authority of the general manager.

An SP working in one of the other investments several times raised the question of bonus paying at the end of the year as it was done for executives of the Wholesale Distribution European, Inc. The answer was no from the Chairman, because the operation was not generating profit yet. When the SP framed his concern differently as a family
issue by telling the chairman that he needed money to buy a house for his family, since they did not own one although they were at an age when one normally did, the president responded positively by saying, “You are my big brother, of course you deserve to own a house at your age.” The money was immediately provided. When vocabulary was used with reference to the other frame, it helped to legitimize the associated action.

**Practices (rituals).** A typical practice of the SP board member (appointed in 2002) that is illustrated below, shows how rituals signalling (symbolizing) similarity reinforced legitimizing the new frame of reference. Since 2003, the location of Wholesale Distribution European Holding, Inc. had been the rented third floor of a five story very modern building. The EF members of the Board drove Mercedes, BMW, or Audi cars, compared to different models of Renault for the executives, and the Board members had drivers. Their rooms were large and furnished with oversized armchairs and sofas; they were located next to each other in a different section of the floor with a separate entrance. Employees entered the main entrance of the building through revolving gates using their identification cards. For the privileged, security stood up and opened the ribbon gate next to the revolving gate.

The SP member of the Board had a Mercedes company car (with the same color and model as the car of EF21) and had a driver. While she approached the building everyday, the driver called her assistant and informed the latter that she would be arriving soon. Her assistant would inform the security that she was coming, and the security would open the ribbon gate and wait for her to arrive. At the same time, the “tea delivery person” was informed that she was coming so that her Turkish coffee would be prepared on time. She entered the main entrance as the family members did. When she left the
elevator to enter the office level, security stood up, opened the door, and waited for her to enter. The tea delivery person rushed to make her coffee and took it to her room. The SP Board Member lit her cigarette to go with her morning coffee. Smoking in the offices was not allowed as a corporate policy and later by law (people went outside the building if they wanted to smoke); but not for the privileged. Only the SP Board member and the two younger core family members smoked in their rooms (other CFs did not smoke). In the cafeteria, employees were served lunch outsourced to a catering company; there was also a small kitchen and a cook that was employed to make local dishes for the visitors of the Chairman. He cooked diet dishes everyday, and some members of the family ate them in their rooms instead of eating the food served to the employees. The SP Board member also ate the light fare but many times in the cafeteria and among the others who ate the usual dishes. The family members traditionally worked very long hours during weekdays, and so did she. Everybody worked a half day on Saturday since the customers were open on Saturdays. She did not come to work on Saturdays for religious reasons (being Jewish). When CF2 talked about her, he said “She is more workaholic than us.” In her attitude toward the Chairman she was not different from the family members; the power distance was diligently maintained. When the mother of the CFs visited, the SP was out of her room, kissing her hand as her sons did and calling her “mother.” The structural symbols and her practice produced cues that led to the perception that she was “one of them” from the perspective of the others and “one of us” from the perspective of the family members, which reinforced the legitimacy of the rational authority. For confidential negotiations with foreigners, she was the translator, and that reinforced her position as the carrier of the strange culture.
Proposition 5: Seeking approval of powerful stakeholders, when reciprocated, reinforced the legitimacy of a new frame of reference. The Group started a ritual called the “suppliers general assembly” in 1999, and the meetings were repeated in the same format every year from then on. The suppliers were mostly large international companies that produced locally and also international representatives of goods distributed by the Holding Company. Although it was called the suppliers assembly, not only the executives of the suppliers and their unions and associations were invited, but also major stakeholders such as high level state officials, executives of the banks the Group worked with, and representatives of the customer associations. They were hosted by the executives of the Group. Based on field notes and observations, a typical assembly is illustrated here.

“Suppliers general assembly” gatherings were held in five star hotels. The event started with the chairman addressing the guests. The president of the executive committee (CEO) presented the results of the financial year in a very transparent manner. The highest official from the government and the chairman of the suppliers union were invited to address the guests one after another. A panel discussion was held between the representatives of the major stakeholders on the current state of the sector. Then a “court” was set up where the honorary chairman of the suppliers union was considered to be the judge, and the executives of the suppliers as the prosecutors. The board sat in place of the accused, the supplier executives presented their criticism (mostly appreciations of the Group’s business practice), and the board members of the Group responded in the form of self criticism. Afterwards lunch was served with some entertainment (by local famous artists). The ritual was inspired by the applications of the
Mao administration in China and served as a powerful external legitimacy building platform. A criticism from the suppliers was considered as guilt to be punished by the honorary chairman of the suppliers union who was considered as the honorary judge. CF1 used vocabulary calling the suppliers generous names: “You are our teachers;” “You are the reason for our existence;” “You are our creators;” “You are our benefactors.” He wanted to show how determined the Group was to meet their expectations.

The supplier assembly ritual also impacted internal legitimacy mechanisms through exchange of ideas seeking instant approval of the powerful constituencies. The first meeting was a good example. During the first meeting in 1999, CF1 introduced two ideals as the Group’s main objectives: kurumsallaşma (institutionalization) and total quality management (TQM, Business Excellence). The chairman of the suppliers union took the platform after him. He said:

“I clearly observe that the Group speaks the language of TQM and uses its concepts…The restructuring of the distribution subsector means institutionalization [bureaucratization] for the companies in the sector…It seems professionalization of management is underway for Wholesale Distribution Holding, Inc.”

Externally legitimated vocabulary strengthened the power of the symbols of bureaucratizing.

CF1 used the ritual to celebrate improvements in the life of the Group that he thought the suppliers would appreciate and enjoy. In the suppliers assembly of 2003, he told the good news of “world class professionals joining the Group,” pointing to the fact of hiring the new SP board member and the young MBA graduate SP. After the
appointment of the stranger CEO in 2006, not only did he announce the news at the suppliers assembly but also scheduled planned visits with CF2 and the SP board member to the major suppliers to introduce him personally, to make sure they were comfortable with the move. There may have not been a full pledged application of the Business Excellence Model (TQM) at Wholesale Distribution European Holding, Inc., yet, for the inner circle, the suppliers were king. In the following excerpt from an interview with CF1, it is clear how the Group appreciated the role of external legitimacy:

“After separating from my partner in 1993, I visited the chairman of the Supplier Union and I told him what happened. I said I can work in other areas of business or I can carry on with wholesale distribution. What do you say? You are the head of the suppliers, tell me should I stay or leave? I am asking for permission. Then I went to the largest international producer and the largest local producer; I told them the same. The suppliers supported me. Without their support you cannot enter the market; you will survive only if they choose you as a distributor of their products.”

**Proposition 6: A “humane way” of management facilitated dealing with the dysfunctions of bureaucratization.** Two main criticisms of bureaucracy addressed by social scientists are rigidity (unadaptiveness) and employee discipline (stifling the humanity of employees) (Perrow, 1986). There were actions taken at Wholesale Distribution European Holding, Inc. that dealt with the dysfunctional issues of bureaucracy although not with the specific intentions to take care of the unintended consequences of bureaucratization. The common approach to organizing that was
specifically spelled out in the corporate values and several practices employed displayed the humane way adopted in the Group.

In a corporate brochure distributed in English in 2006, it was announced that “A human oriented business approach is the key factor in the consistent growth process of [the company].” In the same brochure, the core values (corporate values) of the Group were presented in which the following two values explicitly attended to human issues. The other two were, “We are in search of perfection” (Business Excellence) and “We love our motherland and we respect universal values” (social responsibility):

We are human oriented.

We do not regard the concepts of power, competence, money, and all material wealth instruments as the signs of achievement on their own.

We believe that all organisations and economical structures exist for the happiness of mankind.

We do not judge; we strive to understand.

We are tolerant and modest.

In addition to being creative, we encourage our peers for creativity as well.

We are open hearted; we are not indifferent to what is going on around. We have eyes wide open for any mistakes.

We do not pose a threat for the existence of the people and organizations with whom we interact commercially.

Several practices were typical in supporting the professed human values. There were “criticism and self-criticism” meetings conducted every year covering all the
companies and the employees that started in 2000. The Human Relations Directorate managed the meetings every year. The following description is based on field notes:

Holding executives were assigned to supervise the meetings in the companies. The meeting started with the presence of all the managers and employees of the company. The first session was devoted to criticizing the holding company. In the second session, the overseer from the holding company asked the employees to vote if they preferred the managers to stay or not; then the critic of the company manager performance started. The holding executive took notes and after meetings at each company, including the holding company was completed, the notes were consolidated at the Human Relations Directorate and presented at an executive board meeting. Later, each company manager (for the specific company) and the executive board (for the group as a whole) announced measures that would be taken to meet the expectations of the employees. There were additional criticism meetings among the managers of the company, including the holding company, where anyone could criticize anyone including the corporate board members.

In addition to “criticism and self-criticism meetings,” in 2003, when CF1 left his executive role in the Group and assumed only the role of the chairman of the board, he announced the number of his mobile phone and declared “anyone could call him anytime if he or she faced an unfair treatment that could not or was not solved by his supervisors.”

For critical decisive moments in the Group’s life, participative, democratic methodologies were used. Search conferences and organization design workshops are typical examples. A search conference is a participative meeting which enables a large
group of around 40 people to collectively produce a strategic plan that its members themselves will implement. Stakeholders of an organization work two to three days in large group plenary and small group sessions to develop a strategic vision, achievable goals, and action plans; starting from “scanning the environment” the group then focuses on the system, and funnels down to strategies and action plans. Search conference methodology has been developed on the basis created by Fred Emery and Eric Trist (Emery & Purser, 1996; Baburoglu & Garr, 1992). The search conference held in 1999 helped the Group paint the ideal future for the organization and discover and share the “vocabularies of motive.” The strategies that would take the Group to the ideal future were created by the key members that would be responsible for applying them; the practice is supposed to avoid rigidity in strategic planning. Macro organization design workshops were employed in critical moments of organization design in 1999 and 2006. The workshops were planned as one day participative events where key members of the organization met to discover new ways of organizing. The group would work in plenary and small group sessions in two basic phases: first they would try to find the ideal basis for macro grouping among available alternatives and combinations of alternatives, then they would work on how to best link and coordinate them. The approach and application was inspired by Competing by Design: The Power of Organizational Architecture (Nadler & Tushman, 1997). Similar to painting the ideal future in the search conference, the images of organizing became clear in the minds of the key members responsible for implementation. Thus the top-down rigid and stifling approach of bureaucratic strategizing and organizing are turned to more flexible, humane applications. The Group benefited from the cultural resources from the political culture of the subgroup familiar
persons and CF1 in using criticism and self-criticism meetings and also from the progressive managing methodologies available in the wider environment.

**Proposition 7: Myths fashioned in the process mediated dealing with the anxiety created during cultural transition in the Group.** According to Schein (1992), “The human mind needs cognitive stability. Therefore any challenge to or questioning of a basic assumption will release anxiety and defensiveness” (p. 23). As the organizing process evolved, the heavy relearning experience of the Group was likely to be accompanied by a large amount of anxiety. From a different perspective mentioned in the work of Thompson (1967), coping with uncertainty is the essence of the administrative process, which includes “human interconnections.” Freud (1953) contended that the unconscious is created as humans repress their innermost desires. The study assumes that as the family was socialized into modernity, the aspirations, desires, and beliefs of the history and traditions of the extended family, the basic assumptions, in Schein’s (1992) terms, were repressed to create a harmony between the two cultures of traditional and modern. Thus the hidden meanings in the concerns (anxieties) and preoccupations of the members, specifically the Core Family were also investigated in the present study. The study addressed the question, “What kinds of fantasies were developed to see the strange as something that was familiar?”

Going through a major transformation in a fast forward fashion, members of the traditional culture had to deal with several anxieties. This research attempted to identify these anxieties and the myths fashioned to deal with them. During the life of the Group between 1997 and 2007, there was a myth that covered the whole period—a master myth—and myths that were distinct for particular stages discovered. The main concern of
the Group seemed to be dealing with the issue of immortality. It was a salient issue for the extended family based on their cultural history: they had survived for more than a thousand years by childbearing, reproducing Seyyid sons. Kinship was the source of legitimacy and Seyyid was its symbol. Changing the symbol of legitimacy was a main concern of meaning making. What sense were they going to make of the new source? Was it really legitimate? How would they change? Would they succeed in changing? What if they could not succeed? The fear of the Group was clearly expressed in the CF3 statement: “The fear, I am trying to explain, was to ‘stay alive.’ We had to institutionalize and merge with a foreign partner. That is how we managed our fear.”

A second concern was their level of education and knowledge about modern practices and perspectives. Coming from a rural, traditional environment, not many were equipped with the modern competencies required of the new culture. The following statements from Core Family members show the pressures they felt. CF2 explained the feeling of inferiority:

“Why do people from the East Anatolia feel inferior? Because we are not well educated, well cultured. Most of the time it is very hard for us to express ourselves. We learned the national language at primary school. Our mother still does not know the national language.”

CF4 was troubled with the strange vocabulary he had to deal with: “When I started at the warehouse, I said to myself; I could hardly get a primary school diploma, how am I going to learn the names of the products which are all strange, they are mostly in English.” The importance they placed on a lack of English was uttered in the following passage from the interview with CF3; it was arguably a projection of their anxiety about
their overall level of competencies: “The most important, the only skill we lack, I mean me, CF1 and CF2, is English. I wish we knew.” CF2 was also concerned about the influence of their cultural history: “It is hard for us to express ourselves, to express our thoughts…It is related to culture and education.”

A third concern was accepting and embracing the strangers. The classic article by Jensen and Meckling (1976) deals with the agency (managers) and ownership relationship within corporations which is posited to be a pervasive structural feature of cooperative activity. The main premise is that often the interests of the two parties diverge. The anxiety of agency perception has existed since Adam Smith, best put forward in his famous statement: “The directors of joint stock companies, being the managers rather of other people’s money than of their own, it can not well be expected that they should watch over their own…Negligence and profusion…must always prevail, more or less, in the management of the affairs of such a company” (cited in Pollard, 1968, p. 24). The concern was stated by EF21 when he used the metaphor of “guests” for non family members:

“The professionals we employ, the non family executives are like guests; they come and they go.”

The initial entrance of SPs was legitimized based on technical competencies, namely law and IT. In the following years, it seems employing a stranger for the role of Director of Finance and Accounting was a traumatic situation for the EF members. It was best explained in the words of CF3: “We gave the key of the safe to a stranger and that night, and several nights, I could not sleep. We were so worried. It just did not feel right.” When it came to answering the question “can strange be chief”, the level of
anxiety heightened and ended with conflict among the Extended Family members. To deal with the tension, the myth “strangers are family members” was fashioned. It was most clearly expressed in the wedding ceremony speech of CF1. The utterances of the strangers (SPs) demonstrated that they accepted being, and in fact yearned to be, seen as family members, and this reinforced the myth making process.

The myth of immortality. The master myth might be named “the myth of immortality”, openly uttered from the very beginning during the years of confusion and staying with the Group all the way through 2007. As explained in the sections above, staying alive was coined as the most powerful driver among the “vocabularies of motive” and tied to bureaucratization (institutionalization). The idea was that if the Group wanted to stay alive it needed to bureaucratize. It was clearly shared and endorsed in the Search Conference in 1999 and included in the common objectives as if it were a rational business goal. CF1 explained the meaning of the psychological driver:

This is the struggle between life and death. To stay alive and discover eternity is a basic driver in life. To die is to cease. Our efforts to institutionalize (bureaucratize) is the struggle between the two. It has been like that throughout history. This is a very tough fight, a war, and it will always be.

Social scientists have observed the importance of individual and collective efforts to achieve a symbolic sense of immortality (e.g., Becker, 1971, 1973, 1975; Denhart, 1987; Schwartz, 1985). “Humanity’s most deep-seated need, the need to overcome death [is practiced by] religious engagement, offices and reputations, books and articles, and through bearing children; […]humans] seek to establish something that will endure after they are physically departed” (Denhart, 1987; p. 530). Previously immortality was
achieved through kinship based beliefs that the family would be Seyyids forever as long as sons carried the blood of father Seyyids and preferably with mothers from the same kin. That is why kin relations were so important. The father and the mother would be from the same blood, which produced Seyyid boys. That was how the image of Seyyid would live forever from generation to generation by biological reproduction. The tradition was sustained by marriages that were arranged for females at birth to a male 3-4 years old. CF5 claimed he was the first one who despite staying with the extended family (he was referring to CF1 leaving the family for college) who was able to marry by his own choice.

I am the first one that could marry according to his own will. It has never happened before me. Our grandmother would arrange newborn females as fiancées of young boys. They were to get married when they grew up without any question; everyone knew who would marry whom.

Once family members started progressing towards a new legitimacy base, they chose an image, the legal person, to replace the human person, which became a key driver of bureaucratization. The traditional symbol, Seyyid, of the powerful motive to be immortal was exchanged for a new symbol. However, the Group fashioned the “myth of immortality” to deal with the anxiety created by changing from kinship to rational.

Kinship base was repressed with a new hope to stay immortal through a new symbol they had to include while socializing into modernity. Similar to the group defense mechanisms identified by Bion (1961/1999), the Group reverted to the “myth of immortality” to defend itself against the anxiety of repressing kinship. At the same time, embracing the new opened up new possibilities for group development.
The myth of “wizard in English.” Going through the stage of illusion, the leaders fashioned a new myth about transforming the extended family members into rational professionals (strangers). The myth was expressed in the words of CF1. When they decided to become international as a means to bureaucratize, they started investing in learning activities: learning modern management and English. CF1 declared: “By the end of 2001, there will be no manager left who does not speak English. It will be a requirement for all managers. The ones who do not speak English, will be laid off.” And as a commitment to his decisions, he declared: “I will read Shakespeare to you from its original in one month. You will see.”

The chief took the risk to reduce the anxiety of the Group at the expense of loosing face. The statement of CF1 became the myth for the stage of illusion. It never happened; CF1 could not go beyond learning a couple of words in short lived private lessons. Moving fast forward, he did not have time for education. The fantasized traits of the “Sultan” failed and the Group left the myth behind in silent denial. It became a painful memory and was never mentioned again. English, once a totem, silently disappeared from Group’s life. However, the myth helped deal with the anxiety of merging with the foreign partner. Foreign language as a symbol crystallized the meaning of a different cultural frame and the competency (knowledge) to utilize it. It became clear to the Group that the cultural revolution had its limits in turning the extended family members into strangers; they needed more strangers imported into the Group. Accomplishing that in turn took them to a new stage, and a new myth.

The myth “strangers are family members.” In 2002 the leadership decided to employ two distinguished representatives of the new culture: one of them as a Board...
member and the other as Director of Business Development. The previous question of “Can we become strangers?” turned into “Can strangers become us?” The powerful influence of repressed kinship and the desire to embrace the new lead to a new myth: “strangers are family members.” CF1’s speech at the wedding was a significant expression for resolving the tension: “They are our children…Their parents have trusted me with them.” The expression “they have trusted me with them” was a very powerful image taken from the kinship relations where fathers do not get intimate with their sons; the sons are raised by their uncles.

The new strangers were aware of the need and reinforced the desire by appropriate behavior and discourse. For example, the new SP Board Member openly declared: “I am a member of the family.” The young General Manager frequently addressed the family executives using the term “big brother.” The vocabulary and the practice created a feeling of similarity around the myth of “SPs are family members.” EF members other than the CFs did not believe in the myth and left the business organization.

The myth “strangers are family members”, applied specifically to the SP Board Member and the young General Manager. However, there were questions that stayed unanswered, that apparently were not spoken about. Specifically, why was a young person, a boy chosen as the chief (executive) while it could have been a mature professional who would fit the image of a brother? If the young boy was considered a child, a son, who was fantasized to be the mother? Who was the father? If the SP Board Member was family, how could she be considered a member of the family – with strong Muslim traditions – although she was Jewish? Could she be a sister, given sisters
(females) were not included in the business sphere? What was she like if she could be considered a member of the family? These questions, with their unspoken answers, indicated the strong likelihood of myths untold.

Table 10 shows the myths fashioned by the Group that coincided with particular stages of group development.

Table 9

The master myth of staying alive, the myth of immortality, was the key motivator of the transition process. Members of the Group were excited to pursue bureaucratizing, since the creation of a legal person, they thought, would carry them to eternity. In 2007, apparently it had become an element of automatic cognition since it was an automatic response to the question, “Why do you think the Group needed to bureaucratize?” The myth helped the extended family members to deal with the anxiety of separation from traditional symbols. The legal person was seen to be like a physical person, yet different from the latter with an ability to stay alive forever if bureaucratized.

Before the Group lost faith in learning English, a symbol signifying the strangeness of modernization, CF1 declared “there would be no executive left who did not speak English” and “he would read Shakespeare from original texts.” The myth “we can become strange” was fashioned to deal with the anxiety of learning technical competencies required of a professional manager. The creation of the myth coincided
with the stage of illusion when the Group was preoccupied with relearning activities for changing its members into competent managers. Accepting the failure in silence and bringing in more stranger professionals was a turning point in Group’s life. The Group turned to a new concern: “Can strange become us?” The myth “strangers are family members” was invented to deal with the anxiety of trusting their business to a few stranger professionals. The myth coincided with the stages of preparation and execution when the change in authority relations were internalized by seeing the new actors as family members.
PART VI

Summary and Conclusion

The present research was about the cultural analysis of an extraordinary economic success of a business organization. Detailed analysis of the transition period from 1997 to 2007 showed how the group of executives in the organization managed to transform a small local firm into a large global business. The transition was conceptualized as the interaction between traditional and modern cultures that resulted in a change in the cultural repertoire of the group. The study explored the internal cultural dynamics of bureaucratizing and demonstrated how the leading actors in the organization made sense of the process.

During the initial stage of bureaucratizing, organizing symbols that were named “vocabularies of motive” were introduced, and they drew the attention of the Group to a different cultural frame. The extensive participation of the members of the Group in a number of diverse interactional domains facilitated experiencing familiarity around the meaning of vocabularies of motive. Powerful representatives of the new cultural frame were transferred that helped the Group to appreciate the new cultural frame. The new actors of modernity and the members of the traditional culture adopted vocabulary and practices that helped to develop a new understanding of organizing. Major stakeholders approved of the vocabulary that represented the new culture, which reinforced leading actors’ deliberate consideration of the modern cultural elements. A humane way of management was adopted that facilitated coping with the dysfunctions of bureaucratization. During the transformation process the Group had to deal with
paradoxes and contradictions that were hard to solve; myths fashioned—told or untold—helped the Group maintain a sense of order under high levels of anxiety.

The study is a powerful example of transitioning from traditional to modern not only because it is a cultural analysis at the organizational level, which is rare, but also because the transition was an extraordinary business success, and the process was managed quite humanely. The findings of the study have theoretical and practical implications as well as limitations.

As the primary theoretical implication, the study identified aspects of modernizing likely to be generalizable for traditional contexts that are characterized by high power distance and high in-group collectivism. The challenge of going modern for organizations in such national cultures is the challenge of overcoming collectivism that makes it difficult for traditional actors and strangers to trust each other and accept each other’s influence as defined by a bureaucratic authority system. Turkey is within the cluster of countries such as India, Brazil, Russia, Uruguay, Greece, Mexico, Romania, Bulgaria, Portugal, China, Pakistan, and Taiwan that are high both on power distance and collectivism in the Hofstede (1980) and Hofstede and Hofstede (2005) studies. The practical implications for management include how the leading actors of the organization define situations, and achieve and maintain managerial effectiveness, specifically through innovative use of cultural resources.

The research conducted was a single case study, which enabled the researcher to explore deep structures and come up with a thick description of the situations. The patterns identified were derived from data unique to the case, which implies limitations on generalizing the findings. However, the opportunity to capture properties beyond the
surface of social relationships provided knowledge that cuts across similar traditional contexts. The retrospective interviews were likely to suffer from problems of recall to a certain degree stemming from the subjective worlds of the actors; on the other hand, subjectivity brought in richness to explaining a complex phenomenon where the focus was on the meanings the actors made of the cultural change. In light of the shortcomings of the interviews, findings of the study were supported by observations and an iterative approach was applied to verify the patterns identified.

The study started with the prelude section, describing a wedding ceremony, a significant moment in time in the history of the Group. In Part I, the purpose of the study and the research site were introduced. Part II, explained the historical frame, the cultural approach of the study, and data collection and method. Part III provided a history of kinship traditions and an overall view of 20 years of business practice to serve as a background. Part IV started with depicting the movement of the members of the group executives across the organizing domain and across time. The section identified subgroupings and introduced their cultural history and authority relations among them. Using tables and figures, the reader was shown changes in roles and offices and how differentiation in organizing was based on the cultural history of the subgroups. The following two sections were devoted to describing the meaning making process: what sense actors made of the experience they went through that was depicted in the previous sections. First the change in meanings of key organizing images was shown year by year for the 11 year period. In the section that followed, the building of new vocabulary that feed into the meaning making process as bits and pieces of knowledge was documented and stages of group development were identified. A section on the use of physical space
and time was included to support the findings with other symbols of cultural life. Part V
was explaining the how of what has happened: the study identified patterns that made
bureaucratization possible, how rational authority became legitimate.

Part VI that will follow is the conclusion of the study, presenting a summary,
thetical implications, and implications for management. The first section revisits the
opening description of the wedding ceremony, the prelude, and presents an analysis of
the situation in the light of the findings of the study. The sections that come next are the
theoretical and practical implications. The very last section is a postlude, speculating on
even deeper meanings in the group’s life.

1. The “Wedding Ceremony” Revisited

This study started with the short speech of CF1, chairman of the board and leader
of the extended family, delivered at the wedding ceremony of the CEO, a stranger
professional (SP).

Dear guests, I am very excited. The bride and the groom are my colleagues; I am
happy that I contributed to making it possible for them to get to know each other.
I see them as my children, if their parents allow me of course; in fact they have
trusted me with them. Soon they will give us healthy grandchildren, and in the
future we will continue our business with them. That is what we expect from the
couple; and that is why I am happy.

It was delivered at the end of a ten year journey that the present study attempted to
analyze: a journey of the Group’s transformation, conceptualized as the interaction of two
cultures. It represents a critical moment in time, embedded in a social event that
manifested the essence of a ten year process. The remarks of the leader captured in a
nutshell how the process of the transformation emerged as a symbiosis of traditional and modern cultures. CF1’s remarks reconciled two powerful symbols, Seyyid and CEO that represented a sense of the new social order for the Group. It implicitly affirmed that the CEO, a stranger, was like a Seyyid, a family member, to satisfy the expectations of the Group members, who were searching for continuity in change. Seyyid, a son who carries the same blood, was the kinship symbol of extended family organization. CEO was the organizational symbol introduced by globalization. There was no equivalent for CEO in the national language; the use of an English expression in business discourse as if it were national shows the overriding power of globalization. CF1 started by saying he was very excited, which spoke for the tension inherent in the situation. The second sentence defined the nature of the relationship, indicating a modern association of being colleagues; however the part that followed contained an implicit reference to prearranged marriage by attributing a matchmaking role to the leader. The following sentence was a clear reference to traditions of uncles being trusted with sons. The expectation of grandchildren represented the biological reproduction of Seyyids; the word “healthy” addressed the anxiety about birth disorders due to marriages between close relatives. To continue business with the children of the CEO referred to kinship traditions of economic organizing as a household. CF1 interpreted the situation by switching between the two cultural resources, redefining the meaning of Seyyid for the cultural repertoire of the Group. The marriage ceremony symbolized marriage of the two cultures.

2. Summary

Bureaucratization is a major organizational phenomenon that has attracted a vast amount of research. However, studies are rare that conceptualize the transitioning process
from traditional to modern as the interaction of two cultures, specifically under the circumstances of globalization. The present research set out to explore, describe and analyze “the role of culture in shaping organizational reality” (Powell & DiMaggio, 1991, p. 12) from within the transformation process, focusing on the internal dynamics of the organization under study. The main interest of the research was to explore how social structures and practices inside organizations “acquire meaning and stability in their own right” (Lincoln 1995, p. 1147). Social studies are often interested in analyzing how the external forces in the environment induce organizations to bureaucratize; the purpose of the present research was to investigate how the key members of a group made sense of the process of bureaucratizing at the organizational level.

The present study has addressed a major historical change that is universal. The transformation of kinship as the organizational basis of economic enterprise happens across social groups and across time. The major factors behind the change are assumed to arise from the historical and social conditions introduced by the Industrial Revolution. The process of transformation is conceptualized under the idea of modernization. The idea of “traditional” is used to refer to the state of conditions before modernization. The great transformation from traditional to modern, specifically the implications for organizations, has been of major interest to social scientists from early sociologists onward. The bureaucratic, rational form of enterprise emerged and the “fetters of kinship” or “mechanistic solidarity” were left behind. The boundaries of nations formed through modernization were made extremely permeable by globalization; moreover, the new revolution transferred the influences of modernization to remote localities. The ideas "traditional" and "modern" are becoming more complicated and relativistic concepts in
space and time. The evolution of national business organizing has become more open to the pressures of international forces. The present study attempted to capture the properties of the process of a universal transformation in the state of human condition in business organizing, in a local setting, under the influence of the new stage of modernization. The study has analyzed an extreme case created by globalization, where traditional and modern cultures interact. For some, it may be like a rewind in time, going backward for a neglected analysis of a micro transitioning process from traditional to modern, yet for the actors of the research site, it was fast-forward real time. Accumulated research on transitioning to bureaucracy has focused on the macro dynamics, overlooking how the interaction of traditional and modern acquires meaning at the organizational level. The Weberian constructs such as “patrimonial,” “traditional authority,” “rational authority,” and “modern capitalism” (Weber, 1924/1947, 1930/1952) became alive within a case in a different space and time. The study shows the capacity of actors to participate in multiple forms of culture even though they include contradictory elements. It demonstrates how the concept of cultural repertoire operates in the process of actors using cultural resources that are—and become—accessible. The present study is a cultural study of organizing, grounded in subgroupings based on the cultural history of group members. The differentiation in business organizing was analyzed with subcultures at center stage instead of grouping by product, function, geography, market, or technology. The focus of the case study, with some sections in the form of an ethnographical account, was on the interaction of two cultures. The members of the extended family, organized as household based on kinship roles, were carriers of the traditional culture. As their business organizing evolved within a modern environment,
carriers of the modern culture entered. The roles of the members of both cultures altered as the understanding of business organizing changed within the Group. The study showed how it happened. Figure 12 exhibits the dramatic change in meaning of the roles between the two cultures interacting.

In 1997, the only roles from what we might call modern culture were solely technical (i.e., law and IT). Modern meant technical knowledge that is not available in the traditional sources. Execution (management, administration), specifically chief execution, could only be based on traditions (particularistic relations). Ten years later, in 2006, the leading members of the traditional culture had redefined their roles, confining themselves mainly to the board of the wholesale distribution business or out into new businesses. Executive roles were occupied by strangers, carriers of modernity. The household base of economic organizing was broken as the boundaries of understanding of organizing became clear, and business property was separated between the subgroups of the extended family. The meaning of executive was also redefined, i.e., the boundaries between execution and kinship were clarified.

The Group reached its new understanding through an evolutionary process that was described as having several stages in the study: confusion, illusion, importation, preparation, and implementation. During the initial years they were confused about the
modern images of organizing: executive and owner roles were mixed with further confusions in the roles themselves. Why did some extended family members have several roles? How were those roles different? What were the roles of the others that were not extended family members? Why were those roles needed in the organization? How could the relationship between extended family members and strangers be defined? Was property divisible? How could legality become a source of legitimacy? How could extended family members practice authority based on ownership if they were executives at the same time? How was execution different from ownership? How could strangers practice authority if they were not family?

The understanding of division of labor was unclear. For a while, the chairman of the board was the chief executive at the same time, and yet he also had a role as a director of foreign relations. The top organ of authority was considered the central committee—an image borrowed from cultural resources based on political experience—comprising all executives. When the Group reached an understanding that could at least vaguely differentiate between Board membership and other executive roles, a new symbol was introduced as an organizing scheme: a symbol of their current knowledge of organizing. The significant symbol of change in their understanding was a stranger in the Board. The meaning of authority included the expertise of a stranger. The fragmented cultural repertoire of the Group included bits and pieces, and frames of knowledge based on the cultural history of their various subgroups and individual members. Each actor was trying to make sense of the situation using cultural resources that were distributed in different forms and combinations.
A shared meaning was introduced in 2006 when the inner circle (CF1, CF2, and CF3) revealed their common understanding. The cultural symbol of the new scheme served as the Group’s definition of reality. Countless numbers of interactions happened at different domains and levels and in different forms that influenced the cognitive state of the members of the Group; however, what counted was the sense the inner circle made of those interactions. The process of sense-making was different for the strangers, since their cultural repertoire was fragmented in different forms and combinations. Strangers knew more about modern organizing images and schemes; they were confused about the meaning of traditional symbols. They possessed the professional expertise, but how were they going to gain and maintain legitimacy from the perspective of traditional authority? While leaders and most active members of the traditional culture were struggling to learn the vocabulary of the new, the strangers who were successful were the ones that paid attention to the vocabulary of the traditional. The study showed how mutual adaptations emerged that legitimized bureaucratizing.

The present study assumed organizations are cultures, employing culture as a root metaphor for analysis with an emphasis on expressive, ideational, and symbolic aspects of organizing (Smircich, 1983). The focus has been on how experience became meaningful. The method of the study was a blend of case study and ethnography. A critical data source of the study was the observation of the researcher, who held one of the “stranger” roles within the process of transformation. Structured interviews were conducted with the leaders and most active members, and an iterative approach was adopted to verify the patterns identified. Company documents, including executive committee minutes and decisions, were examined as complementary sources to identify
changes in roles and meanings as well as patterns of bureaucratizing. Data was analyzed to create, combine, and redefine numerous categories. Typical pieces of data were inserted to exemplify the findings of the study. The quotes and descriptions inserted were related to key actors and situations with strong capacity of evidence to demonstrate the nature of relationships or interactions.

The present study has been an analysis of organizing within a specific context; it is about concepts of authority, an idea central to the notions of organization (Hinings, 2003). The study showed how rational-legal authority came to be included in the repertoire of a Group where the main cultural resource of authority was traditional, based on kinship. Weber (1924/1947), in his macro analysis, contended that one cannot find either traditional or rational authority in its pure form as idealized. This might be the reason why Chandler (1962/1990), in his case studies of organizations, considered some of the executive roles by family members that were owners, as rationally legitimate. However, it is a clear “matter of principle that members of the administrative staff should be completely separated from ownership” (Weber, 1924/1947, p. 331) for the legitimacy of rational authority. The evolution of modernity that took centuries in Europe, and the US, where the accumulated experience was transferred from Europe, had blurred the boundaries. However, the present case is different in the sense that it provides a relatively typical example today, since globalization now reaches a far locality and pulls a case of modernization at an early stage and pushes it into fast forward change. This property of the case allows demonstration of the concepts of traditional and rational authority with clear distinctions. On the other hand, Chandler (1962/1990) was confident to assume rational authority prevails in the Du Pont case once three cousins took over, since they
were competent managers due to their education at institutions like MIT and experience as professionals. He overlooked the fact that being from the same kin might serve as a symbol of continuity for the organization; Chandler was not interested in the meaning making process within his cases.

Globalization has created a world of organizations with increasing multiplicity, variety and complexity. For example, when Wholesale Distribution European Holding Inc. decided to adopt Business Excellence, TQM the European way, as one of the models to modernize, was it coming from the East, or the West? TQM had originated in Japan, and is attributed to Edward Deming, an American engineer who developed the idea in the U.S., brought it to Japan, and then it traveled back to the US. Then TQM spread to Europe both ways from the US and Japan. It also took hold in Turkey, entering through joint ventures with Japanese, US, and European companies, from multiple directions. Did the source of the political organizing culture that was used in the cultural repertoire of the Group during the initial stages come from China, the Far East, or the West? The ideas of Marx, originating in Europe, traveled to China and Russia, and traveled back to Turkey as a different variation, and Turkey is located in the West when compared to China. The question of which is West, which is East, which is the late comer, which is the forerunner?” does not make sense. Linear theories of social change appear limited in explaining the more complicated versions of modernizing.

The leading work of Meyer and Rowan (1977/1991) and DiMaggio and Powell (1983) that inspired ample work in institutional theory suggest that rationalized formal organizational structures are incorporated for legitimacy purposes: legitimacy plays a key role in accessing resources such as capital, technology, and networks. Bureaucracy is a
common form, specifically in the suppliers’ subsector of the organizational field

Wholesale Distribution European Holding, Inc. is participating in. Suppliers are mostly international firms who are very powerful actors of the sector. CF1’s mind was clear that in order to grow, a distributor needed to gain their trust. CF1 was right: the suppliers were very generous in financing the growth process through large inventories. On the other hand, financial institutions also built confidence in the wholesale operation due to moves of the Group in the direction of bureaucratizing. It is not a coincidence that the candidate for the Finance and Accounting Director position was recommended by a top executive of a leading bank at which the Group still keeps their major accounts. He was one of the first bureaucrats of the wholesale business organization. Cultural pressures in the wider environment were demanding bureaucratizing.

The Group followed the external drivers of bureaucratization, the influence of the signals, cues from the wider social environment, and bureaucratizing started in 1997. They painted the ideals of the Group, inventing vocabularies of motive that served as the glue for new vocabulary that fed into meaning change in the key organizing images.

Bureaucratization was idealized with a connection to the powerful psychological driver of future survival. Sufficiently motivated, the Group was prepared to think reflexively and deliberately consider overriding traditional schemes. Bits and pieces of new information were accumulated through openly and densely experiencing the new culture. This experience led to an initial coherent understanding of organizing: a new scheme (the first organizational chart in the Group’s life) entered in addition to schemes of traditions at work. Losing faith in turning the family members into competent managers, they brought in powerful representatives of the modern culture whom they
fantasized were family. The legal bases of the new corporation created a contradiction between ownership and execution. They gradually made sense of the distinction. The meaning change in key organizing images was coupled with movement of the traditional actors up and out, from executive roles to entrepreneurial roles. Strangers, once only legitimate solely for technical roles, gained legitimacy for executive roles. Members from both cultures paid attention to the deliberate use of vocabulary and practices that implied similarity. Reinforced with the support of the powerful stakeholders in the wider social environment, the process of bureaucratizing reached a stage where a new culture was put to strategic use. The new scheme of organizing (an organizational chart totally different than the initial one) signalled the shared meaning of organizing. The chief of execution became a stranger.

Language, also in a literal sense, helped crystallize appreciation of the different cultural frame not available in the Group’s repertoire. For a while, they thought, since they knew the language of doing trade, they could easily learn the language of the new technology of “managing” business. The new cultural resource seemed strange but they were confused about how strange was strange. When they met English as a symbol of the strange, it became a totem of strangeness. The totem illuminated the blurred boundaries. It made it clear for the extended family members that they had problems with learning the knowledge of the modern culture. The extended family had gone through the experience of learning another language, the national language that was the symbol of modernity, in addition to their mother tongue, a local ethnic language, in order to adapt. They had internalized readiness to alter their cultural repertoire. When they met English, another symbol of modernity introduced by globalization, they thought it would be a simple
repetition of their previous experience; however it was a different situation now that
would not allow for many years of schooling and social experience. It was not possible to
rewind, the situation demanded moving fast forward.

3. Theoretical Implications

The present case study demonstrates that organizations managed by traditional
cultures have advantages and disadvantages when going modern. Kinship structure
allows for rapid and efficient coordination while in-group traditions make it difficult for
professional strangers to gain and maintain legitimacy. Thus the challenge of going
modern for these organizations is the challenge of mutual adaptation. Innovative use of
cultural repertoires reinforces the success of the adaptation process. The study shows how
the leadership managed to induce traditional actors to transcend particularistic ties and
accommodate those who were not in agreement in order to grow and sustain the
organization’s market position.

There are advantages arising from the changing environment and internal
conditions of the organization that are unique to the case. The 1980s, the years during
which the wholesale distribution business was started in Istanbul, were years of dramatic
changes in the economic, political, and cultural environment. The ruling government was
pursuing an export-led growth strategy, with the aim to supersede state dominance and
import substitution policies of more than half a century. Huge investments were made in
transportation and communications to facilitate integration with the global forces. The
latest technology became available for the growing number of new businesses. The
government applied for full membership to the European Union to reinforce and bring in
new hopes for the long-standing political ideals of modernization. The cultural
environment in the business world leaned towards a liberal mindset; foreign investments were attracted in large amounts, thus increasing the number of joint ventures more than ever. As a result, new growth opportunities flourished in the business world. The Group, through its leader, first capitalized on the growth opportunities by increasing the number of local companies. The market was small and the wholesale distribution sector was fragmented with very small local players; there were hardly any strong competitors once it began to grow. "First mover" status made it difficult for competitors to catch up and most small competitors were driven out of business because of the new firm’s capacity to handle a greater volume of more diverse goods at a lower cost. Then the Group introduced a holding structure to integrate their geographically dispersing activities. Following rapid growth in a short time, the Group’s second strategic move was to consider the threat of a foreign entrant; a joint venture with a large pan-European company centered in London was established to sustain their position in the market.

The Group was able to take advantage of the changing environment due to several internal conditions that facilitated the growth process. They had a solid base of expertise as a trading organization and a set of core competencies around merchantry that made movement into wholesale distribution relatively easy. They were able to develop a strategy for restructuring the wholesale distribution subsector on large scale, resulting in greater volume, efficiency and profits. The patriarch of the Group was a competent, visionary leader who saw growth as an essential ingredient for maintaining and enhancing his family’s elite identity; he had a psychological compulsion to grow the firm like Weber’s (1930/1952) Protestant leaders. An extended family, whose members had internalized a traditional authority structure giving unbridled and absolute power to its
patriarch, made rapid coordination both easy and efficient. When pressures of size, integration, and internationalization demanded more members of the modern administrative technology, a strong family value of openness facilitated the process; instead of unquestioned adoption and emulation, they were confident to select combinations according to what worked for them and the business. The Group had the ability to be flexible and adapt when encountering difficult barriers such as learning English. The funds from the merger created an escape hatch for the less flexible family members, allowing them to go into other business ventures. The availability of competent professional strangers who had already developed modern expertise and were simultaneously willing to apply it in the service of the family under a mix of traditional and modern policies and practices facilitated the growth process.

Not all aspects of the study lend itself for theoretical generalization. Given the findings of the analysis, the following section attempts to come up with theoretical implications that are likely to be generalizable.

**Implications for organizations in relatively traditional contexts.** Research from the “cross-cultural or comparative management” mode of inquiry (Smircich, 1983) in the field of cultural studies has introduced concepts that have the capacity to represent traditional and modern cultures at the society level. Cross-cultural studies have attempted to identify dimensions of national culture and find out characteristics of societal cultural repertoires of individual countries or group of countries. The most prominent research in this field is the Hosftede (1980) studies of comparing cultures across nations and classifying them along a number of dimensions; there are more recent studies in the same vein (e.g., House, Hanges, Javidan, Dorfman, Gupta, & GLOBE Associates, 2004). The
Hofstede dimensions are “power distance,” “uncertainty avoidance,” “individualism versus collectivism,” “masculinity versus feminity,” and “long-term versus short-term orientation.” One of the main findings of the Hofstede studies is that the dimensions of power distance and individualism versus collectivism tend to be negatively correlated: while high power distance countries are more likely to be more collectivist, low power distance countries are more likely to be individualist. In other words, in national cultures where people depend on in-group relations usually also depend on powerful actors. In the Hofstede studies, power distance is defined with reference to Mulder (1977) as “the degree of inequality in power between a less powerful individual (I) and a more powerful other (O), in which I and O belong to the same (loosely or tightly knit) social system” (p. 90); and in individualism versus collectivism individualism “pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family,…collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetimes continue to protect them in exchange for unquestioning loyalty” (Hostede & Hofstede, 2005, p. 76). Japan, India, Brazil, Russia, Uruguay, Greece, Mexico, Romania, Bulgaria, Portugal, China, Pakistan, and Taiwan, as well as Turkey are some of the countries that are high both on power distance and collectivism. The distinction within the two dimensions represents the differences between “modern” cultures and relatively “traditional” cultures. The challenge for the organizations in traditional cultures is to overcome collectivism that constrains trusting and accepting the authority of stranger colleagues.
A stimulating case study of the relationship between national cultural characteristics and bureaucratic authority is *The Bureaucratic Phenomenon* of the French sociologist Michel Crozier (1964). The following description identifies the influence of national culture on bureaucracy in France which as an exception; France, although high on individualism, is high on power distance:

Face to face dependence relations are indeed perceived as difficult to bear in the French cultural setting. Yet the prevailing view of authority is still that of universalism and absolutism…The two attitudes are contradictory. However, they can be reconciled within a bureaucratic system since impersonal rules and centralization make it possible to reconcile an absolute conception of authority and the elimination of most direct dependence relationships (p. 222).

In the present study, while adapting to the modern forms of organizing, the actors of the traditional culture needed to deal with the differences between the cultural elements of the two cultural contexts. A successful growth process demanded that the cultural contradictions be resolved such that the business goals are not hurt. With reference to the Hofstede (1980) cultural concepts, the differences confronting each other were the low power distance, individualistic elements underpinning modern bureaucracy and high power, and collectivist elements underpinning traditional authority; in other words, it was the particularistic worldview confronting what was assumed as universal. As demonstrated in the study, the interaction of the two cultures was not a simple process of replacing the traditional with the modern; it required mutual adjustment. There was no pre-specified formula for adjustment; solutions emerged along the way, i.e., it ran as an innovative process. Traditional and modern elements performed as enabling in some
moments and constraining in others. For example, high power distance culture allows for rapid and efficient coordination and collectivism restrains the obeying of stranger authority. The actors persistently remained committed to the ideal of the large, complex international business and skillfully reconciled traditions with the modern during cultural change. While traditional actors avoided or circumvented restrictions and subordinated to the modern, the carriers of the modern culture that stay with the Group did the same for the traditional. Thus another theoretical implication is the need for the innovative use of cultural repertoires by the actors involved in the process of cultural change. The key aspect of such innovative behavior is the ability to pick and chose from various cultural resources, even mutually adapting and transforming some of those resources in light of the Group’s ultimate business ideals.

Ritzer (1975), in his analysis of the relation between professionalization, bureaucratization, and rationalization, emphasized the role of the modern development of professions in the rationalization of the society. In Ritzer’s view, bureaucratic roles require a modernized occupational mentality. The present study showed modernizing in some cases needs to deal with the contrary: modern actors may need to follow traditional cues. The success of bureaucratizing demands mutual adjustment. Thus, not only the traditional actors but also the professional stranger colleagues in the leading group of executives innovatively used cultural repertoires; professionals subordinated the modern to traditional in some moments of the process of rationalization of the Group.

The findings of a recent study on the Turkish culture revealed two fundamental characteristics: in-group collectivism and power distance (Kabasakal & Bodur, 2008; Pasa, Kabasakal, & Bodur, 2001). In-group collectivism “refers to the extent to which
members of a society take pride in membership in small groups such as their family and circle of close friends, and the organizations in which they are employed,” (Javidan & House, 2001, p. 297) and power distance “is defined as the degree to which members of a society expect power to be unequally shared” (Javidan & House, 2001, p. 295). Turkish organizations are described as having the steepest hierarchy (Pasa, Kabasakal, & Bodur, 2001; Trompenaars & Hampden-Turner, 1998). The definitions of the concepts are similar to and the results are in line with the Hofstede (1980) studies that described Turkey as high on collectivism and power distance (Pasa, Kabasakal, & Bodur, 2001). The findings of the present study suggest that the cultural features at the societal level are likely to affect the bureaucratization process in two different ways. Kinship structure facilitates rapid and efficient coordination, and while the authority structure changes to include bureaucratic authority, high power distance reduces the need to worry about bureaucratic functions stemming from disobedience to direct orders. At the same time, high in-group collectivism is likely to cause people to shy away from taking direct orders from non-family members, thereby creating great potential for bureaucratic dysfunction unless dealt with effectively. Thus the challenge for organizations in traditional contexts is to overcome particularistic relations that constrain legitimizing stranger professionals.

Other theoretical implications. Organizational change and cultural change.

The present study is about organizational change analyzed as a transition between two socio-historical constructs traditional authority and rational authority. The change process is described as cultural change, conceptualizing organizations as cultures, and culture as a repertoire. The study is not about “organizational culture” per se, investigating how “strong” or “thick” cultures are managed and related to organizational effectiveness
through normative control, treating culture as if it were a monolithic phenomenon. Culture is taken as fragmented and heterogeneous, existing in varying forms such as bits and pieces of knowledge, schemes and frames. The concept of cultural repertoire is used assuming elements of culture—including the ones that are contradictory and inconsistent—are sustained in different forms and combinations at all levels and actors use cultural symbols for their own ends. Cultural change is defined as the cultural repertoire of a group and its members becoming more varied and rich in content and in daily use through the cultural change process. Limited knowledge about another cultural frame evolves toward more enriched and diverse cultural stuff in different forms and configurations as members become receptive to cues that evoke new possibilities through cultural interactions.

Smircich (1983) in her seminal article explained “cultural perspective on organizations” by identifying the ways culture has been developed in organization studies. She first distinguished between culture as a “critical variable” and culture as a “root metaphor.” Then she attempted to link the terms culture and organization and came up with five different modes of inquiry based on their underlying assumptions. “Cross-cultural or comparative management” and “corporate culture” is the first two in which culture is an organizational variable. “Organizational cognition”, “organizational symbolism” and “unconscious processes and organization” are the final three in which culture is a root metaphor for conceptualizing organization. The present study assumes organizations are cultures and the mode of inquiry adopted is a blend of the final three. Assumptions made about the cognitive processes are related to “organizational cognition.” For example in the present study, representations of culture are taken as a
repertoire (or toolkit) of fragmented, contradictory and heterogeneous cultural stuff as opposed to culture taken as coherent and integrated which is among the assumptions of “cross-cultural” and “corporate culture” modes of inquiry. The analysis of meaning change is related to organizational symbolism. For example, patterns of symbolic discourse are investigated which feed into construction of a new cultural frame. The present study examined how the Group dealt with high levels of anxiety during the process of cultural change which related the study to unconscious processes and organization. For example myths that were fashioned were identified that correspond to different stages in Group life.

Kurt Lewin’s (1951) well-known three phase change framework (unfreezing, moving, and freezing) may be used to portray the study from a classical organizational change perspective. The stages of confusion and illusion are the period of unfreezing. The Group extensively experienced new data that challenged the perceptions of specifically the members of the extended family (EF). They became receptive to modern culture through powerful drivers that entered their symbolic worlds; they became deeply concerned with future survival. The stages of importation and preparation comprised the period of moving. While many leading members of extended family moved towards new configurations in their deep assumptions, powerful members of the modern culture were recruited; organizational space was created for the new comers through upward movement and change in roles of the extended family. CF1, member of the core family (a subgroup in the extended family) was the leader of the family and the business organization. He created a role model by leaving the management of the business. A stranger professional (SP) was being prepared for the dramatic change in the authority
structure. The stage of implementation was the period of freezing. The first organizational chart was a symbol of unfreezing; it signaled new possibilities in the cultural repertoire of the Group. The organizational chart of the implementation phase was a symbol of freezing: a new cultural frame was put to strategic use. There were episodes in the life of the Group that imply discontinuity. However, continuity was a major concern of the Group and the study showed that the success of the organizational change process was dependent on reconciling the old and the new.

In the introductory article to the Special Research Forum on Change and Development, the authors pointed to Pettigrew’s (1985) critique about “literature on organizational change as being largely acontextual, ahistorical, and aprocessual” (Pettigrew, Woodman, & Cameron, 2001, p. 697); and that “any adequate theory of change should account for continuity, and this minimally requires the empirical exposure of change and continuity and the relationship between the two” (Pettigrew, Woodman, & Cameron, 2001, p. 700). The present study is a historical and processual account of how actors successfully combined change and continuity in their symbolic worlds and in action. The meaning change of the organizational images was related to the patterns in the cultural repertoire of the Group and its members. Actors actively used their existing knowledge while new stuff named as “culture in formation” was socially constructed. Continuous relearning took place where repertoires were in constant flux with new bits of knowledge entering and thereby changing and varying configurations of the existing and the new. Incremental change occurred in the everyday life of the Group and cultural interactions evolved towards a different state. A moment came when a powerful symbol signified strategic use of a new frame. When the new frame of reference was put to
strategic use, indicating a new episode in the life world of the Group, it did not replace but became part of multiple resources present in the cultural repertoire. Cultural change did not mean that traditional carriers necessarily turned to rational, but rational was legitimated such that it became meaningful. Actors drew on the cultural resources in the process of mutual adaptation of the traditional and the modern. The concept of “backstage control” was introduced to explain how representatives of the traditional authority assumed roles combined with the rational in action.

More recent research in the change literature has introduced different approaches than Lewin’s (1951) “generic recipe.” Recent studies have articulated differences such as the distinctions between episodic change and continuous change (Weick & Quinn, 1999), incremental and radical change (Bateson, 1972; Watzlawick, Weakland, & Fisch, 1974), first order and second order change (Bartunek, 1993; Roach & Bednar, 1997) and emphasized the role of emotions in leading change (Kotter & Cohen, 2002). “Organizational change involves, by definition, a transformation of an organization between two points in time” (Barnett & Carroll, 1995). The present study focused on an eleven year period from 1997 to 2007. 1997 was chosen as the starting point since it was the year of social construction of the Holding structure although not yet legal; this was the time when bureaucratizing emerged as an issue. The year 2006 was when a radical shift happened in the nature of authority relations; 2007 was included to observe the aftermath. The study analyzed “the sequences of individual and collective events, actions, and activities unfolding over time in context” as suggested in Pettigrew, Woodman, and Cameron (2001, p. 700); it demonstrated continuous adaptation and adjustment. On the other hand, the introduction of the new organizational scheme in 2006 was depicted as
radical or first order change, since it was a significant episode in the understanding of legitimate authority: that was the moment when a “managerial revolution” happened. Although the study focused on the process of transitioning—sometimes the term transformation was also used—it needed to show the content of the change, i.e., the “what” of change and if in fact “the what” had changed, in addition to “how” it had changed. Thus the study addressed both with a concentration on how. On the other hand, Kotter (1996), after introducing a generic recipe of eight stages of successful large scale change in his studies, launched his idea about the core method of successful change (Kotter & Cohen, 2002). He stressed the role of emotions: “the core of the matter is always about changing the behavior of people, and behavior change happens in highly successful situations mostly by speaking to people’s feelings” (Kotter, 2002, p. x). The present study demonstrates the power of images and the generative capacity of actors to use cultural symbols in leading change. The skill of the actors was in using language in such a way that it touched the feelings of the agents involved at a visceral level. Any process of change, by its nature, is likely to create feelings of insecurity and anxiety that are likely to undermine the transformation process. The present study demonstrated that the main concern of the leading actors was not change per se, but continuity in change. The impact of such an approach is specifically important in traditional contexts where the in-group nature of the relations is likely to create feelings of distrust against the strangers.

*Culture as a repertoire.* Conceptualizing culture as a repertoire is not a common approach in organization studies. Social scientists have developed more complex views of culture, i.e., shifting from a view of culture as “unitary and internally coherent” to depicting culture as “fragmented across groups and inconsistent across its manifestations”
(DiMaggio, 1997; Martin, 1992). The repertoire concept is in congruence with the assumption that cultures are heterogeneous and fragmented; it allows for the co-existence of contradictory and inconsistent elements. People draw from repertoires of cultural stuff in constructing and making sense of action. Thus conceptualizing culture as a repertoire provided for viewing “stability and change as simultaneous experiences in organizational life” (Leana & Barry, 2000). The Group and its members pursued both, and continuity did not impede but enabled change. In the field of cultural sociology, the concept of cultural repertoire is used with a focus on individual level and individuals switching between existing cultural frames (e.g., Swidler, 2001). The present study assumed cultural repertoires were at work not only at the individual but at all levels such as group, sector, national, and global. The concept of cultural repertoire seems to deserve more attention in future cultural studies at all levels, sustaining the focus of the generative capacity of actors. The study also introduced the concept of “culture in formation” in addition to existing cultures in repertoires. The study demonstrated how a new culture entered and gained legitimacy in the Group’s life.

What does it mean to have a culture in formation? In the present study, the concept of culture in formation was defined as the process of the social construction of a new frame of reference (bureaucratization) to put to strategic use in the Group’s repertoire. Through the interaction with a different culture, new bits and pieces of knowledge entered by means of countless learning experiences. The Group and its members drew on new cultural stuff throughout the process within different situations and in different forms and combinations. However, to put to strategic use was defined as legitimizing a new cultural frame of reference where a new understanding of authority—
the power to manage—was shared by constructing a powerful organizing image (symbolic representation). In the introduction section, the study asked the questions:

“How can we tell there is a change in the cultural frame(s) of reference in a group? What type of a symbol—a particular symbolic vehicle—has the best capacity to represent that change within the boundaries of the social phenomenon investigated? What are the powerful images that represent shared meaning and shape everyday life of people in a local context?” If the local process of transition to modern is viewed as a revolution, a “managerial revolution” as it has been done in several historical accounts (e.g., Burnham, 1941; Chandler, 1977) such a view might create possibilities to draw from historical studies of other “revolutions” in finding answers. For example Sewell (2005) in his historical account of the French Revolution of 1789 demonstrated that the taking of the Bastille, the capture of the fortress, became synonymous with the French Revolution due to its heavy symbolic significance. The Group had its battles of authority among extended family sub-groups and critical executive positions were captured by core family attacks in coalition with powerful stranger professionals. The question is whether there was a particular symbolic vehicle in the social transformation process of the Group that emerged with heavy symbolic significance similar to that of the taking of Bastille. The present study showed that the new organizational scheme (chart) of 2006 (Figure 10) served as a significant symbol of shared meaning. The new scheme mapped the new arrangement of the images of organizing which represented the new meaning of authority. The scheme provided the Group and its members with new meanings, cultural tools, templates, and recipes for action.
**Motivation.** In addition to the concept of cultural repertoire (Swidler, 1986) that works as a useful concept in capturing the complexity of the cultural change process, other concepts in this study were borrowed from the field of sociology. During the process of cultural change, the Group of executives needed to be provoked so that they were attracted to a different cultural frame. Thus motivation was another main topic the study dealt with. Vocabularies of motive (Mills, 1940) borrowed from sociology of language and deliberative cognition (DiMaggio, 1997) borrowed from cultural sociology were utilized in the analysis. “Staying alive” was coined as the overarching vision of the Group and “bureaucratization” and “internationalization” were introduced as objectives that would take the Group to eternity. The symbolic framing of the competitive situation stood as a powerful driver of attraction to the modern culture. The motives were decided by consensus through a Search Conference. Vocabularies of motive provoked the actors to think reflexively and critically and created readiness (receptiveness) to override automatic modes of traditional thought. While they made sense of business organizing using existing frames and schemes in their cultural repertoire, actors encountered new pieces of knowledge that they later systemized in the form of schemes. Schemes are socially constructed symbols of organizing. Effective use of “polysemous expressions” (DiMaggio, 1997) ties analogies that facilitate similarity judgments between the old and the new during the process of cultural change. The study demonstrated how environmental triggers that enter the Group life were symbolically framed in such a way that actors successfully accounted for continuity in cultural change.

**Structure and power.** The present study examined organization structure and power within the process of cultural change. The focus of the study was on
bureaucratizing, however it was not about measuring the level of bureaucratization or identifying its dysfunctions. Bureaucracy was neither praised (Du Gay, 1994, 2000) nor critiqued. Bureaucracy has inspired countless numbers of studies considering various aspects of the concept such as empirically validating its dimensions (Hall, 1963), measuring its effects on economic growth (Evans & Rauch, 1999), its relationship with founding conditions (Baron, Hannan, & Burton, 1999a, 1999b), types of bureaucracy as enabling and coercive (Adler & Borys, 1996) and its effects on gender inequality (Baron, Hannan, Hsu, & Kocak, 2007). Starting from Weber, the founder of the concept who himself introduced the term “iron cage,” researchers were concerned with the paradoxes and dysfunctions of bureaucracy in social studies such as sociology (e.g., Gouldner, 1954; Merton, 1936, 1940; Selznick, 1949;), corporate culture studies (e.g., Peters & Waterman, 1982) and feminist analyses (e.g., Ferguson, 1984; Pringle 1989), some of them going so far as to present “bureaucracy-bashing” prescriptions and calls for a “public hatred of bureaucracy” (Peters & Waterman, 1982).

In the present study, bureaucracy, as the form of legal-rational authority, was taken as a socio-historical phenomenon that entered the cultural life of business organizations. The study was interested in explaining how bureaucratic authority gained legitimacy at the organizational level in a local context. The image of the organizational chart was taken as symbolizing changes in the structure of organizing. The design image was an element of the modern cultural frame of reference. When it entered the life of the Group, it was celebrated as a significant symbol of bureaucratizing. When a stranger professional was appointed to the position of CEO, a new chart was produced to show the new, shared meaning of organizing. The chart was like a map that was the reflection of
the shared mental maps of the inner circle. The executives of the organization had varying understandings of authority in their cultural repertoires and most active members participated in the decision making process, however what counted was the meaning the inner circle made of the organizing images. Shared means CF1, CF2, and CF3 agreed it is legitimate. Cultural change happened through the influence of legitimacy of power attributed to organizational members and groups. The leader of the extended family, the best educated, had a cultural repertoire more diverse than the other members of the extended family. CF1 was the one that initially could use the vocabulary of the modern to communicate with the stakeholders, specifically the suppliers and the customers. The leader drew on his traditional power to attract the members of the organization to cultural change. The cultural repertoire of CF2 and CF3 included more elements of the modern and they were more attracted to build legal-rational vocabulary. CF1 payed attention to coalition building, specifically between the members of the inner circle (CF1, CF2, and CF3), the extended family and most active members of the organization. For decisive episodes in the life of the Group, Search Conference and Participative Design Workshop type of participative methodologies were used for building consensus. They were utilized at critical moments when CF1 thought it was the time after deliberate preparation. As the Group evolved towards appreciating legal-rational authority, subgroups and their members developed varying cultural repertoires that operated as different understandings of organizing. For example, despite their support to modernizing efforts, extended family members other than the core family members did not agree with the understanding that a stranger professional could be the chief executive officer; stranger professionals that
gained and maintained legitimacy were the ones who could use vocabulary with reference to the traditional cultural frame.

**Stability and change.** The study of social change often assumes tradition and modernity as polar opposites, and adopts a linear approach where the new replaces the old. “The capacity of old and new cultures and structures to exist without conflict and even with mutual adaptations” (Gusfield, 1967, p. 354) is a phenomenon overlooked by many social scientists (Shils, 1981). Organizational studies in stability and change as simultaneous experiences are also rare (e.g., Srivastva & Fry, 1992; Leana & Barry, 2000). The present study employed the concept of cultural repertoire and showed that the new cultural frame was put to strategic use in the repertoire of the Group rather than replacing the old. The two cultures adapted to each other by constructing new meanings and associated roles. The kinship member roles evolved towards ownership (entrepreneurial) roles, leaving execution to the stranger professionals. Family members were comfortable moving up as they constructed a new sense of their roles as creating growth by new investments, leaving execution of the family-founded economic enterprise to actors of modern (universalistic) competency. On the other hand, they commissioned kinship members to oversee the operations from backstage (Goffman, 1959). The informal design was called “backstage control” in the study. The chief executive SP consulted on every major operational decision with the commissioned board members CF2 and CF5 (and even sometimes CF1), and CF5 participated in the executive committee meetings managed by the CEO; however the young CEO called them “my elder brothers,” assuming a role that implies traditional authority. External legitimacy was managed by the “front stage,” adapting to the rationality myth of the wider
environment, and internal legitimacy was maintained by local myths for making sense of the interaction of two cultures. In the daily life, the members of the two cultures switched between traditional and modern cultural resources that were available in the repertoire of the Group.

The role of myths. The study documented that the fast forward pace of Group’s development—they adapted to a new culture which for some social groups had taken centuries of evolution—forced myth making, a special case of metaphors. The contradiction between the symbols of the traditional authority and rational authority created paradoxes that could not be solved. Myth making brought in possibilities that helped generate a sense of order. The main concern of the Group, “Can strange become family?,” found its answer in choosing and seeing a young CEO as their child. The ideal perception of the Extended Family was uttered in the speech delivered by CF1 at the CEO's wedding. A distinct sphere of social life served as a domain where a contradiction in another social sphere – business life – was resolved. A Seyyid boy was symbolically created which reconciled strategies of action from both cultures, thus enabling change while maintaining continuity. The study, a micro sociological analysis, found its local myth of meaning making within the meta-myth of rationality. Professional competency was necessary, but not sufficient: the stranger also needed symbolically to meet the cognitive expectations of traditional authority. One of the specific research questions of the study was: If rationality is a myth of the wider social context, is there a significant myth that is specific to the local context that mediates sense making? The study demonstrated that there is such a myth: “strangers are family” is the myth of the local context that mediated the transition from traditional to rational. There are other examples
in business life such as arranging marriages of owner daughters with competent managers
to turn carriers of modern culture to family, which implies the myth of “strangers are
family” might be a widespread invention of the transition process.

4. Implications for Management

The primary goal of the actors involved was institutionalizing a complex
bureaucratic organization capable of competition at both domestic and global levels. The
case study revealed specific strategies, normative and behavioral approaches that the
actors adopted to strike an effective balance between modern and traditional cultural
elements. The process analyzed is a business experience specific to Turkey; however
some of the findings appear to have important implications for the managers of other
countries in the same—high power distance high collectivist—cultural cluster of
Hofstede (1980) studies. The following section first deals with what was unique and then
addresses what might be generalized.

In the course of growing their business, the Group had external and internal
advantages that created a unique starting position. The political and economic dynamics
of the larger environment were conducive to rapid growth: the leadership of the country
was committed to becoming more interdependent with the global business community
and the national market was growing. The wholesale distribution sector was fragmented
and unstable with small firms serving limited number of local customers. The powerful
suppliers and the customers were demanding better service. The Group was lucky being a
first mover in a context where being the first mover counted a great deal. Internally, the
kinship structure was based not only on family kin but a sacred kinship element of
coming from the bloodline of the prophet. This unique advantage did not contribute to
gaining legitimacy in the urban environment as much as it did in the rural setting; nevertheless it was an additional source of commitment and drive for achievement within the extended family members. The availability of a large member of extended family members (23 cousins) supported the growth process. The Sultan (CF1) had unlimited authority for coordination and control and the patrimonial manpower at his disposal. The familiar persons (FPs) that took executive roles during the growth process were also related to the Sultan (CF1) with particularistic ties like the extended family members. The sultan employed manpower for leadership from both cultural resources that were available during the initial stages of growth. Extended family members (EFs) were committed due to cultural rules of traditions and familiar persons (FPs) due to rules of authoritarian political (Marxist) leadership.

The process of rapid growth in the initial stages provided for increased interactions with the stakeholders in the organizational field. The Group (specifically CF1 and his two leading brothers CF2 and CF3) became aware of legitimacy issues facing the organization. Externally there were pressures for bureaucratizing: the powerful players in the supplier sub-sector, financial institutions and regulatory agencies were all bureaucracies. Internally cultural resources were not sufficient for bureaucratizing; the knowledge of the modern administrative technology was not available within the Group; it was only CF1 that was relatively more familiar with modern culture due to his business school education. Thus strategies emerged to manage the interaction between the existing and new cultural resources. Several points related to the success factors implicit in the propositions of the analysis deserve more elaboration. The following section attempts to identify aspects that are more generalizable and that other leaders facing similar
circumstances in high power distance, high collectivism cultures might consider employing to good effect.

The study demonstrated that the Group’s leadership capacity to draw on multiple cultural resources facilitated the process of cultural change. The content and individual use of cultural repertoires of the leaders affected problem solving. The leaders and most active members were motivated both to develop and to use their cultural resources in varying forms and configurations as the situation demanded. Although traditional authority was a prominent cultural resource and CF1, the leader was capable of using unlimited patrimonial power, he also employed modern participative methods available in the wider environment, which were also inspired by his political, democracy oriented culture. In addition to “CF1 is the one who decides”, “CF1 convinced us” was a common theme among extended family members when asked how they were influenced to initiate bureaucratization. Leading members’ openness to experience, their willingness to participate in diverse interactional domains with the modern and inspiring rituals like the suppliers assembly created powerful situations where cultural cues were exchanged. CF1 not only used his traditional authority to coerce members of the extended family to accept the use of new cultural knowledge, but also created learning opportunities for the leading family members to experience it themselves.

During rapid geographical expansion, high power distance facilitated rapid and efficient coordination. CF1 pushed the extended family members up and out providing roles when the leading family members felt satisfied with their new authority positions that were hierarchically high (power distance). On the other hand, he deliberately attempted to create an understanding that leading non-family members were like family
(in-group collectivism). Successful stranger professionals contributed to the process of mutual adaptation by using elements from the traditional culture to gain trust of the leading family members.

The founder’s (CF1) capacity to act on and generate possibilities for using cultural resources was a valuable asset for the Group. The study demonstrated how skillfully CF1 utilized cultural repertoires available both at the organizational and sectoral field level; a good example of the agency focusing on the enabling power of cultural resources used as means for Group’s ends. CF1 was specifically concerned with legitimacy management issues both within the Group and the organizational field. The power of the suppliers in the organizational field was well recognized by CF1. To gain and maintain legitimacy, he did not only dealt with bureaucratizing pressures of the wider environment but he also dealt with them in remarkable ways that brought in additional value to the success of the process. For example, for management development, he decided to work with not any management consultant, but a consultant that was a previous executive of one of the main suppliers and it was not a coincidence that the chairman of the supplier corporation was also the chairman of the suppliers union. CF1 paid specific attention to his relations with the “guardians of the status quo” while pursuing change. Another example was his skills of coalition building in the process of transformation. CF1 did not see it sufficient to depend on his traditional power base for managing the relations between the sub-groups of the executive Group; democratic methods of participation available in the modern cultural environment were used for building consensus among the subgroups, particularly between the carriers of the traditional and modern culture. For critical decision making episodes participative methods were employed that served multiple purposes. CF1
creatively utilized cultural symbols in switching between resources of the existing repertoires, in paying specific attention to improving cultural repertoires at individual, group and sector levels and in reconciling contradictory cultural elements. Vocabularies of motive were important in unfreezing the traditional culture; introducing a new organizational chart in 2006 was important in signifying the radical change in the authority structure. He fashioned myths that helped combine tradition with modernity as a key to cementing new ways of doing business. Innovative leadership for legitimacy management was a critical success factor.

The leadership, specifically the inner circle (CF1, CF2, and CF3), were learning oriented, flexible, open to experimentation and market oriented. They boldly experimented with the new, understood their limits and acted flexibly in accepting their limits. “Strong culture” for them did not mean strengthening one culture but enhancing cultural repertoires at all levels and skilfully using multiple cultural resources. Countless opportunities were created for renegotiating and constructing meanings. They were open to cope with the ambiguities of strangeness: a foreign partner was alright despite no one spoke English in the Group; a Jewish, female board member was alright despite strong religious traditions; a stranger CEO was alright, traditional control could be maintained through backstage, etc. It was important for the Group to sustain a competitive position in the market.

With the beginning of the 21st century, the world turned its attention more intensely to emerging markets such as India, China, Brazil, and Turkey and others that are in the “high power distance” and “high collectivism” cluster of Hostede (1980) studies. Traditions play a relatively powerful role in the social, political, and economic
lives in emerging countries. The world is becoming more interconnected through the free movement of goods, capital and labor as carriers of different cultural resources. The present circumstances demand interlacing of cultures more than ever to avoid potential clashes. In the world of business, under the influence of globalization, organizational forms created elsewhere are travelling more freely and frequently across borders. Authority, a central issue of organizing, is likely to emerge in different blends in diverse local situations of interaction between the ideal types of traditional and modern as conceptualized by Weber (1924/1947). The present case was a local example with implications to draw ideas about the cultural dynamics of the transformation process, such as the role of vocabularies of motive and the mechanisms that reinforce forming of a new culture, the “fast-forward” nature of the phenomenon that induces myth making, and the concepts of cultural repertoire and backstage control to reconcile continuity and change. The present study demonstrated the utility of adopting a multiple culture perspective and conceptualizing culture as a repertoire comprising heterogeneous, fragmented and contradictory elements. Innovative use of cultural repertoires—available at individual, group, and organizational field levels—reinforce generating organizational capacity for sustainable growth.
Postlude: A Myth Untold?

Searching for deeper meanings in Group life, there are questions that remain unanswered. Specifically intriguing were comments about communicating in silence. This local definition of communication fits the definition of Edward T. Hall (1976) who described “high-context communication”—as the type of communication frequent in collectivist cultures—in which little has to be said or written. CF3 and CF2 claimed that they sometimes understood each other and agreed without verbal communication. It was likely to be a legacy of the CF father, the leader of the first generation, who spoke very little in decision making processes. The symbolic power of marriage that particularly was exemplified in the wedding ceremony of the young CEO, signified the marriage of the two cultures. The metaphor appears to be deeply rooted and deserve more attention. The kinship culture was prepared to marry the rational; the inclination induced by powerful kinship traditions was to fantasize about the traditional culture representing a male image. There were myths told in the Group life, but given the tendency of communicating in silence, the ambiguities of the situation invite speculation about the mysteries of the marriage metaphor.¹

The myth “strangers are family members” applies specifically to the female SP Board Member and the young General Manager. However, there are questions that stay unanswered, that it seems were not spoken about. Why was a young person, a boy

¹ Sometimes metaphors are “pushed to their absurd extreme” as in Moore’s (1962) study of “conduct of the corporation.” Moore uses “homosexual reproduction” to refer to the masculinity of a “bureaucratic kinship system.” The present study speculates about some of the metaphors and myths not to imply any kind of real-life relations. It is for the sole purpose of creating possibilities of explanations by using images from bordering or overlapping spheres of social life to make sense of organizing phenomena.
portrayed as a child, chosen as the chief (executive) while it could have been a mature professional who would fit the image of a brother? If the young boy was considered a child, a son, then who was fantasized to be the mother, who the father? If the SP Board Member was family, how could she be considered a member of the family—with strong Muslim traditions—although she was Jewish? Could she be a sister, given sisters (females) were not included in the business sphere? What was she like if she might be considered a member of the family? These questions, with their unspoken answers, suggest the strong likelihood of myths untold.

CF2 and CF3 were the members of the inner circle that was ruled by CF1. CF1 has been the Sultan for most of their lives and his decisions had drastically affected the lives of all the extended family members, particularly CF2 and CF3. In CF2’s words,

We were both excellent students like CF1, we were the top students graduating from high school. Our father did not let us go to college; he explicitly expressed his fears about us turning to communists like our big brother; the reason we could not get a better education is CF1.

CF1 was the one who received a college education, but at the expense of creating restrictions for CF2 and CF3, who strongly thought they deserved a better education. Furthermore, he escaped a pre-arranged marriage and married a modern, educated lady of his choice, while CF2 and CF3 had to stay with the family choices of kinship. CF2 and CF3 faced powerful restrictions that shaped their lives because of CF1. This raises the question, “Was there not enough reason for CF2 and CF3 to revolt against CF1?”

Another incidence of revolt came from the relations of CF1 with his son, who represented the third generation. The son was well educated, going to a high school that
taught in English in Istanbul and completing his college education in the US. Despite CF1’s extensive efforts to raise and train him to succeed him at the Wholesale Distribution European Holding, Inc., he resisted and stayed away from his father’s core business and relations with the extended family. If the son’s behavior might be considered a revolt, a second question is, “Was CF1 projecting his dreams of his son succeeding him onto a young CEO, almost his son’s age?”

CF2 and CF3 were not happy with the behavior of the son of CF1. Referring to his “misbehavior” towards his father in several incidents, he was considered to be an anomaly due to his blood from his mother. Their explanations showed not only how strong an influence kinship relations still had in their social and cognitive worlds and thus on creation of new symbols, but also how concerned CF2 and CF3 were about pre-arranged marriage. Not surprisingly, in 2008, the son of CF3 was married to the daughter of CF2.

The female SP member of the Board clearly expressed how she adored CF2 from the first time she met him. She described her first meeting with CF2:

First of all, I was impressed by his hospitality. Second, I was there to explain a technically very complicated finance application. I have had difficulty in explaining this to many well-educated executives with Master's degrees from the US. CF2 was very quick to grasp the essence. It was in that meeting when I started really admiring him. It was an extraordinary performance on his side, and he always kept that high performance standard.

Afterwards, in 2002, CF2 invited her for a meeting at his office.
He called me at home. We adore each other. He invited me to meet with him. I never thought it would be a job offer. Those times I thought the family was very conservative and of course it is alright as long as they are successful. He said they needed someone in their board. During the conversation, I felt so close; it was such a powerful bonding, I said yes. I said yes on a Friday and started on Saturday.

The board member was a stranger and also female and from a different religion. It was an ambiguous situation for the family members to symbolically place her in their lives. She strived to create an image of “a member of the family.” In addition to other incidences, she even named some of her folders with her family name combined with the name of the extended family. This raises yet another question: What was her symbolic place in the kinship relations, and thus in the myth of “strangers are family members”?

The young CEO also admired CF2: “CF2 is a phenomenal executive. It is hard to describe him with words. He is such a talented executive and his values, the qualities of his personality…I am so lucky to work with him; it is an exceptional experience for me.” Was it a coincidence that it was easier to embrace a female actor to create a sense of order within the myth of “strangers are family members”? Was it by chance that a young boy was chosen as the CEO among other strangers available for the position? No one will ever know the replies to such questions; the answers will stay in the fantasy worlds of the social actors.
Tables and Figures
Figure 1. Kinship Structure.

Note. Sons that are under age eighteen as of 2007 do not show here since they are not considered a member of the extended family (EF); other relatives (OR) that have kinship relations other than in relation to children of the deceased wife and daughters from the second wife do not show here.
Table 1

*Evolution of the Organization: An Overall View from 1987 to 2007*

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<th>Focus of business practice</th>
<th>Number of companies (end of year)</th>
<th>Market share (end of year)</th>
<th>Turnover in core business (end of year)</th>
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<td>38%</td>
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<td>Cohesion</td>
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<td>Transition to international; Joint venture European Holding, Inc.</td>
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<td>35%</td>
<td>$4 Billion</td>
<td>Conflict and separation</td>
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Figure 2. Subgrouping at Wholesale Distribution European Holding, Inc.
Figure 3. Executive Roles at Wholesale Distribution European Holding, Inc.
Figure 4. Companies at Wholesale Distribution European Holding, Inc.
Figure 5. Key Images of Organizing at Wholesale Distribution European Holding, Inc.
Table 2

Change in Subgroup Composition (Total)

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Table 3
Executive Role Change in CF Members
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*Executive Role Change in Other EF Members*

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Table 5

*Change in Subgroup Composition in Companies*

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Table 6

*Change in Subgroup Composition in the Holding Company*

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<td>Pre-1997</td>
<td>Not constructed</td>
<td>Not constructed; work as “divan on foot” between EF members</td>
<td>Company managers</td>
<td>Not constructed CF1 is the traditional chief</td>
<td>Execution is a kinship role; chief executive is the kinship chief</td>
<td>Not constructed for the Group; functional for each company</td>
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<td>Not constructed. “Board” is the same as the Executive Committee; no clear distinction between the two</td>
<td>Holding functional directors + Company managers</td>
<td>Holding functional directors + Company managers</td>
<td>CF1 is the Chief executive The chief executive need to have a function like any other functional director</td>
<td>Execution may not be solely a kinship role as long as the Chief is kinship based; for technical knowledge not available within EF members for the Holding functions, and numbers not available for company management, SPs, FPs and SPSs need be allowed</td>
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<td>Vague meaning Legal function [CF1, CF2 and CF3 are legal Board members]</td>
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<td>1999</td>
<td>Distinct boundaries [CF1, CF2, CF3 and an SP are Board members; CF1 is the chairman]</td>
<td>Holding functional directors + Company managers + Board members</td>
<td>Holding functional directors + Company managers + Board members</td>
<td>CF1 is both the Chairman of the Board and the President of the Executive Committee The chief executive need not have a functional role anymore</td>
<td>No change</td>
<td>Group organizational scheme is constructed the first time. It is a matrix structure with the Board holding the executive power</td>
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<td>Holding functional directors + Company managers + Board members + Regional directors</td>
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<td>No change</td>
<td>regional directors are included in holding executives</td>
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<td>The Executive Committee</td>
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<td>2003</td>
<td>Separated from execution</td>
<td>Holding functional directors + Company managers + Regional directors</td>
<td>Holding functional directors</td>
<td>CF2 is the chief executive and President of the Executive Committee</td>
<td>Kinship as the main source of legitimacy is not changed, however, chief executive is not the kinship chief anymore</td>
<td>The Group organizational scheme is changed to depict the role of president of the executive committee as separate than and reporting to the board</td>
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<td>Separated with a clear distinction of ownership and execution</td>
<td>Holding functional directors + Company managers + Assistant general managers</td>
<td>Holding functional directors</td>
<td>An SP is the General Manager (CEO) and the president of the Executive Committee</td>
<td>Universalistic criteria is a source of legitimate authority</td>
<td>The Group organizational scheme is changed to introduce the role of general manager (CEO) as distinct and separate than and reporting to the board</td>
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Figure 6. Organizational Chart (1999): Formal
Figure 7. Organizational Chart (1999): Subgroup Distribution
Figure 8. Organizational Chart (2003): Formal
Figure 9. Organizational Chart (2003): Subgroup Distribution
Figure 10. Organizational Chart (2006): Formal
Figure 11. Organizational Chart (2006): Subgroup Distribution
Table 8  
*Summary of Stages of Group Development*  

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<td>Importation</td>
<td>Preparation</td>
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<td>Can we become “strange”?</td>
<td>We need more of the “strange” in agency form.</td>
<td>Can “strange” (rs) become us?</td>
<td>“Strange” can be chief.</td>
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| First Building | Second Building |
Table 9
Main Objectives (Search Conference)

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Table 10

*Stages and Myths*

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<td>End of Myth 1 and transition to Myth 2</td>
<td>Myth 2: Strangers are family members</td>
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**Master Myth**

Master myth: “Staying alive”
Figure 12. Change in the Meaning of Roles
Appendix

Interview protocol (family members)

Tell me about your father: what are the traditions he established in the family? What are some family traditions that you find important? How is life at home? How are the extended family relations managed? How do you make decisions? What is your role in the extended family?

How do the family traditions affect your business life? How do you decide on business roles for family members?

What are some religious influences on the family traditions? How do they affect your business life?

What does “kurumsallasma” (institutionalization, bureaucratization) mean to you? Why do you think you need it? What are the measures taken at the organization to realize “kurumsallasma”? How did “kurumsallasma” happen in the organization? How did it affect family traditions and family member roles at workplace?

What are the roles of the professionals? Why do you need professionals (non-family executives)? How did you choose them?

How would you define your relationship with the professionals? How was the adaptation process: the effect of family traditions on your relations, the attitudes of family members toward the professionals?

How are the decisions made at work; what is the involvement of the professionals?
Interview protocol (non-family executives)

How did it happen that you started working here?

When you started working here, what were some characteristics of the organization you observed? How were they different than your previous experience, expectations?

How did you adapt to the organizational environment? How did your relations with the family members develop?

How were your relations with the other non-family executives?

What does kurumsallasma (institutionalization, bureaucratization) mean to you? What was (is) your role in this process? How did kurumsallasma happen (or is happening) in the organization? How did it affect family traditions and family member roles at workplace? How did it effect changes in your role?

What is your role in the decision making processes? What type of decisions do you make or participate in making? Can you give examples and describe the process? What types of decisions are made without your presence and how are you informed? Can you give examples and describe the process?
References


Emery, M. (Ed.) (1993). *Participative design for participative democracy*. Canberra, Australia: Australian National University, Centre for Continuing Education.


