Sibling Rivalry and Succession Planning in Family Business in Nigeria

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ABSTRACT

This research was carried out to examine sibling rivalry and succession planning in family businesses in Warri south local government area of Delta State, Nigeria. This was to help ascertain the relationship between sibling rivalry and succession planning in family business. Primary data was used in this study, and descriptive statistics were used to analyze the questionnaire to obtain the frequency data, tables, and percentages while Pearson correlation was used to test the hypotheses in the study. The results showed that sibling rivalry has positive significant relationship with succession planning. The research therefore concludes that family business firms should have a good written out succession plan and critically scrutinize factors like culturally appropriate gender roles and local inheritance laws that can affect succession planning. The research recommends that family businesses should takes succession planning as seriously as they take profit making in order for them to reach their next generation.

(Keywords: business succession, rivalry, family dynamics, family business, planning, cross-generational, multi-generational business)

INTRODUCTION

One of the challenges in conducting family business research is defining exactly what family business is. The various definitions from the literature posit family businesses as one that is owned and run by members of a family. Family businesses account for 70-80% of all businesses in the developed and developing world (Garman and Glawe, 2004). These types of enterprises are the key sources of growth, employment, and innovation within these economies. They account for 50% of these nations' Gross National Profit and provide 60% of the total employment as well as 78% of all new jobs.

Family business is a business governed and managed by a dominant coalition or controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (Shikha, 2016). The definition given by the European Group of Family Enterprises and the Family Business Network, sees family business as "a company whose ownership and management are concentrated in one or more families, with at least where one member of the family is at the helm and control of the business and others are being groomed or considered for eventual leadership, what is considered evidence of its continuity vocation". The family firm has always been and continues to be an increasingly vital player in the economy. Family businesses provide most of the jobs in developed countries and represent over 80% of businesses in various countries (Whatley, 2011).

Family businesses are unique institutions. They represent a context and arena in which two seemingly disparate social units (i.e., families and businesses are highly integrated). In the family firm, the intimate connection between family and business is considered "natural and compatible" (Dakoumi and Mnasser, 2013).

Family businesses are as unique as the families that own and control them (Wahjono, Idrus, and Nirbito, 2014). As reported by Miller (2003) the founders of many of these businesses try to continue their legacy and ensure continued family control via good succession planning, as when they hand over leadership to their children. The initial statistics (European Family Business, 2016), suggest that only approximately one-third of family business survive into the second generation, with just 12% remaining "viable" by the third, and only about 3% operating into the fourth generation or beyond. Thus, one of the central problems for family business is this inability to ensure competent cross-generational family leadership through successful transfer of ownership and management to the next family generation.

Succession is widely recognized as among one of the most important issues that most family firm face (Huang, 2001). In the context of family business, succession involves the transference of leadership for the purposes of continuing family ownership (Davis, 1968). For a family business to outlive its founder, it must experience succession. In other words, succession constitutes the central issue that must be addressed in order for the family business to survive and be passed on through generations (Aronoff, Mcclure, and Ward, 2010). In simple terms, succession is the transfer of leadership from one family member to another.
Succession planning is defined as a process rather than an event of transferring ownership and management control to a successor (Dunemann and Barrett, 2004).

This work is important because family business continues as a dominant organizational form globally and because, at the heart of it, families are made up of females and males (Dingliana, 2013). The interpersonal relationships of parents to children, siblings to each other, parents to each other, and so on, all carry gender implications that play out in the dynamics of business sustainability for the business and the family (even if all family members are one sex or another). Increasingly, worldwide, these family relationships are embedded in contexts where a large expectation of primogeniture (the normative assumption of the eldest son assuming family business control in the next generation) is being challenged and questioned.

LITERATURE REVIEW

Succession is one of the most important factors for the continuance of a family business. However, most family-owned businesses cease when the next generation fails to continue the business (Schall, 1997).

Family businesses can also fail for many other reasons. One of the key reasons is rivalry among family members, especially during the succession process. The majority of research on family business succession focuses on how families can best prepare a successor who is from the next generation. However, some studies have attempted to discover factors preventing intra-family succession, such as sibling rivalry (Karanja, 2012).

In addition to market forces, natural disasters and the ordinary lifecycle of many products and services, family relationships, especially relationships between siblings and cousins, have a significant impact on the survival of family firms in the second and third generation (Fulmer, 2002). Sibling rivalry is a competitive relationship between siblings, often associated with a struggle for parental attention, affection, and approval, but also for recognition in the world. Among other things, siblings differ in temperament, knowledge, or attitudes toward money; often it is because of growing up in the same household that they become so different (Aronoff et al., 2013).

According to Karanja (2012), the feeling of rivalry appears as a product of the bond between siblings, consisting of the desire to retain control over the others. Indeed, conflicts arising from relationships in the family businesses are often moderated by altruism levels among family members (Krauss, 2007). Because first born children from different families are often more alike than siblings from the same family, the first-born child of the FOB owner can benefit a third-generation family firm. However, they can also become a source of rivalry if the eldest cousin feels entitled to be in charge and if the family as a whole has never developed clear criteria and common values regarding succession planning (Fulmer, 2002).

When women are considered as successors in the common cultures of Nigeria, they seem to face many challenges (Rothwell, 2010). For example, as indicated by Whatley (2011), even if they are the oldest child, women feel less visible than their brothers as possible successors. In this way, if the family displays a high level of commitment, shared values, and altruistic behavior toward one another, it achieves a higher level of cohesion (Rhodaetal, 2013). While the birth order has a powerful impact on successor selection, gender is always the dominant factor (Suh, Yun-Hee, and Park, 2008). Socio-cultural ally assigned gender roles often have extraordinary power to create different roles for the two sexes. According to Fulmer (2002), two siblings of the same gender often develop more divergent interests than two first-born cousins, one male and one female, born in the same generation with similar family experience, similar education, and similar work histories. Additionally, sharing leadership with siblings, cousins, and other distant relatives require commonality, although effective successors develop a vision for the enterprise and find ways to connect it (Aronoff, et al, 2010).

According to Shikha (2016), family business crises emerge predictably during intergenerational transitions in both the family and business. In the founding stage, businesses are usually considered first, to promote the business' survival and success. The complexity that emerges in the second-generation family and business requires arrange of skills, including sophisticated business know-how, deep emotional intelligence, and a great capacity to bring family members together (Aronoff, et al, 2010).

According to Fulmer (2002), sibling rivalry occurs particularly in the third generation. He argues that the founding entrepreneur and his or her spouse ordinarily raise their children with a shared faith and tragedies. When siblings are raised in the same household by the same parents with the same work ethic, they have a reasonable chance of becoming effective partners in the family business. In the third generation, however, the family structure becomes more complicated. As the offspring of the founding entrepreneur marry and raise their own families, this can introduce different values, ethnic, and religious traditions, or attitudes toward work and play. Not only must each member of the next generation demonstrate individual competence, but the siblings must also prove that they can operate as a unified team.

METHODOLOGY

This study adopted a descriptive survey design approach in which cross-sectional administration of primary sources of data collection method were used. The population and respondents in this study are the entire family business in Warri south local government area Delta State.

Delta State was chosen for this research work because of the presence of vast cultures that exist in it and these cultures tend to affect the day-to-day activities of people in that area including various types of family businesses. Issues of sibling rivalry are prominent due to the culture of the people in this area which places priority on the first-born child. It also has numerous family-owned businesses and was a good choice for the survey research.

A structured questionnaire of 5-point Likert scale was used to obtain data from the customers for the study. Some of the items selected for the construct were adopted from Cronin and Taylor (1992). One hundred (100) questionnaires were administered and used for the analysis. Both descriptive and inferential statistics of Pearson correlation were used for analysis.

RESULTS AND DISCUSSION

Demographic Distribution

Table1: Gender.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Male	54	54.0	54.0	54.0
Female	46	46.0	46.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

From Table 1 the data shows that most of the respondents are male. The percentage of the male respondent is 54% as compared to the female respondent which is 46%. The findings indicate that majority of the respondents were male, and this brings to our notice the topic in question whereby men are more interested or rather allowed to play major roles in most business sectors of today than women because of one social factor or the other.

Table 2: Marital Status.

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	28	28.0	29.5	29.5
	Married	67	67.0	70.5	100.0
	Total	95	95.0	100.0	
Missing	System	5	5.0		
Total		100	100.0		

Source: Author's compilation 2019

From the Table 2, most of than an average number of the respondents were married which account for 67%. Another 28% of the respondents were single and 5% of the respondents did not give response to that question. By implication majority of the respondents were married.

Table 3: Age Brackets.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	23	23.0	23.0	23.0
31-40	19	19.0	19.0	42.0
41-50	39	39.0	39.0	81.0
51 and above	19	19.0	19.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

From Table 3 above, 42% of the employees are less than the age of 41, 39% are within the age of 41-50, while the remaining 19% are 51 years and above. This implies that more of the respondents are less than 41 years and a close r range of 39% are above 41 years but not more than 50 are still young and vibrant and still have time to put in a proper working succession plan into their family business in other for the right successor to be selected.

Table 4: Educational Qualifications.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
WAEC	36	36.0	36.0	36.0
HND/BSC	41	41.0	41.0	77.0
MSC/MBA	17	17.0	17.0	94.0
Ph.D.	6	6.0	6.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

From Table 4 above, it was established that the largest number of respondents were 41% of the respondents with BSC/HND, 36.% WAEC holders, 17% M.Sc. holders, and 6% with Ph.D. qualifications, respectively. This shows that to an extent a number of the employees were educated and had proper understanding of the items on the questionnaire with little assistance.

Table 5: Years of Experience.

Responses		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 yrs	29	29.0	29.3	29.3
	6-10 yrs	36	36.0	36.4	65.7
	11-15 yrs	29	29.0	29.3	94.9
	> 16 yrs	5	5.0	5.1	100.0
	Total	99	99.0	100.0	
Missing	System	1	1.0		
Total		100	100.0		

Source: Author's compilation 2019

From Table 5 above, the data revealed that majority of the respondents have had 6-10 years of experience in their business which is a enough time to draft out a good succession plan and start working towards it. Followed by those who have 1-5 years working experience, with (29%), then those who had 16 years and above experience with the same (29%). This implies that we had more than an average number of businesses who were still at their prime stage and some who have had long years of experience and haven't still put in place a good succession plan.

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Table 6: Sibling Rivalry usually Exists Between Siblings Who Work in their Family Business.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	11	11.0	11.0	11.0
Agree	8	8.0	8.0	19.0
Undefined	38	38.0	38.0	57.0
Disagree	23	23.0	23.0	80.0
Strongly disagree	20	20.0	20.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

The table above indicates that 38% of the respondent agreed that sibling rivalry usually exist between siblings who work in their family business. While 23% disagree 20% strongly disagree and 11% strongly agree that sibling rivalry usually exist among siblings who work in their family business.

Table 7: When there is Equality among Siblings, Succession Planning will be Easy and Smooth.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	45	45.0	45.0	45.0
Agree	47	47.0	47.0	92.0
undefined	1	1.0	1.0	93.0
Disagree	4	4.0	4.0	97.0
Strongly disagree	3	3.0	3.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

The response pattern in the table above indicates that 47% believed that there is equality among siblings; succession planning will be easy and smooth. 45% strongly agreed with this, 1% wasn't clear on the statement. 4% and 3% disagreed and strongly disagreed with the statement.

Table 8: Siblings File Court Cases to Bar Other Members of the Family from Running in the Family Business.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	8	8.0	8.0	8.0
Agree	8	8.0	8.0	16.0
undefined	16	16.0	16.0	32.0
Disagree	30	30.0	30.0	62.0
Strongly disagree	38	38.0	38.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

The table above indicates that 38% of the respondent strongly disagree that siblings file court cases to bar other members of their families from running in the family business, (30%) disagree (16%) are not clear with the item, and 8% each, strongly disagree and disagree with the idea.

Table 9: Siblings Rivalry Favors or Complicates Succession Planning.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	37	37.0	37.0	37.0
Agree	24	24.0	24.0	61.0
Undefined	13	13.0	13.0	74.0
Disagree	15	15.0	15.0	89.0
Strongly disagree	11	11.0	11.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

The table above indicates that 37% of the respondents strongly agree that when there is a favorable relationship between siblings. 24% also agree to this, while 13% are undefined, 15% and 11% disagree and strongly disagree that favorable relationship between siblings favor or complicates succession planning.

Table 10: It's Expected that all Family Members will be Satisfied with the Succession Planning.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	11	11.0	11.0	11.0
Agree	10	10.0	10.0	21.0
Undefined	7	7.0	7.0	28.0
Disagree	23	23.0	23.0	51.0
Strongly disagree	49	49.0	49.0	100.0
Total	100	100.0	100.0	

Source: Author's compilation 2019

From the table above, it is observed that 11% of the total respondent strongly agrees that Its expected that all family members will be satisfied with the succession process, similarly 10%. It's expected that all family members will be satisfied with the succession process, 7% were undecided, 23% disagreed, while 49% strongly disagreed. It's expected that all family members will be satisfied with the succession process.

DATA ANALYSIS

Research Hypothesis 1: Relationship between sibling rivalry and succession planning in family business.

The study sought to determine the relationship between gender consideration and succession planning in family-owned businesses. Pearson correlation analysis was used to achieve this.

H_O: There is no significant relationship between sibling rivalry and succession planning in family business.

H_1: There is significant relationship between sibling rivalry and succession planning in family business.

Table 11: Pearson's Moment Product Correlations for Hypothesis 1.

		Sibling rivalry	Succession planning
Sibling rivalry	Pearson Correlation	1	.300**
	Sig.(2-tailed)		.003
	N	100	97
Succession planning	Pearson Correlation	.300**	1
	Sig.(2-tailed)	.003	
	N	97	97
**.Correlation is significant at the 0.01level (2-tailed).			

If the significance is <5%, the alternate hypothesis is accepted while the null is rejected. If the significance is >5% the null hypothesis is accepted while the alternate is rejected. From the table above, correlation is significant at 0.01 level which is<5%. The alternate hypothesis is therefore accepted while the null hypothesis is rejected.

The table indicates that there is a weak positive and significant relationship between sibling rivalry and succession planning in family business, (i.e., rivalry between siblings will relatively affect the family business during succession planning).

There is a moderate positive correlation of 30% between sibling rivalry and succession planning in family business.

Research Hypothesis 2: Relationship between cultural influences and succession planning in family business.

H_O: There is no significant relationship between cultural influences and succession planning in family business.

H_1: There is a significant relationship between cultural influences and succession planning in family business.

Table 12: Pearson's Moment Product Correlations for Hypothesis 2.

		Cultural influences and practices	Succession Planning
Cultural influences and practices	Pearson Correlation	1	.238*
	Sig.(2-tailed)		.017
	N	100	100
Succession planning	Pearson Correlation	.238*	1
	Sig.(2-tailed)	.017	
	N	100	100
*.Correlation is significant at the 0.05 level (2-tailed).			

The table above reveals the relationship between cultural influences and succession planning in family business. Correlation is significant at 0.05 which is 5% level of significance. The alternate hypothesis is therefore accepted while the null hypothesis is rejected. This suggests that there is a weak positive significant relationship between cultural influences and succession planning in family business. This suggests that there is a significant relationship between cultural influences and succession planning in family business.

CONCLUSION

The study concluded that gender considerations have a positive significant relationship with succession planning of family businesses in Warri south local government Delta State Nigeria as measured by sibling rivalry, incumbent level of education, cultural influences, and family norms and traditions.

RECOMMENDATIONS

Based on the following findings and conclusion, the following recommendations are put forward:

- The study recommends that there is the need to make a plan that shows where the business is, to where it wants to be. To do this the family business has to create a strategic succession plan as it's important to ensure that the business continues and enjoys sustainability.

- Family businesses should take note of the cultural practices (primogeniture) in the society where they are establishing their family business in other for it not to question the legality of the business.

- Proper segregation of ownership and management is key, to meet the increasing requirements of new skill sets and to address that might arise from intermixing the family and business matters.

- The potential successors should receive enough orientation, training, and development to prepare them for eventual takeover of the business.

- Family businesses should take note of the various Family cultural traits or norms and traditions such as trust, loyalty, harmony, identifying family members with the family business, defending the family outcomes such as these would help shed more light on the importance of women beyond their traditional activities within the family.

- Family business owners should ensure that there is a good and acceptable relationship between their off springs and possible successors as the relationship between siblings favor or complicate succession plan.

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