Family Elders’ Forum and Amicable Conflict Resolution of Family Business

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Abstract: The objective of this study is to assess the extent to which family elders’ forum affect amicable conflict resolution of family business. This research adopted survey design. The main sources of data to this study were primary and secondary sources. The sample size for this study is 531. The result shows that family elders’ forum have a mean and SD responses of 2.47 ± 1.22 while successful management transition of family business have a mean and SD responses of 2.32 ± 1.52. A linear regression analysis conducted to assess the extent to which family elders’ forum affect amicable conflict resolution of family business showed that there is strong positive relationship between family elders’ forum and amicable conflict resolution of family business (R-coefficient = .932). The R square, the coefficient of determination, shows that only 86.9% of the variation in amicable conflict resolution of family business can be explained by family elders’ forum with no autocorrelation as Durbin-Watson (.075) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .44453. The regression sum of the square 654.249 is more than the residual sum of the square 98.802 indicating that the variation is not due to chance. The F-statistics = 3310.898 shows that the model is significant. The study concluded that family business is the world’s most prevalent and pervasive form of business organization that constitutes a broad spectrum of enterprises, from large, multinational family-controlled conglomerates to small and medium sized enterprises (SMEs) owned and managed by families. It was recommended that, to continue the founders legacy profitably and ensure amicable conflict resolution family elders’ forum should be constituted and comprised of men and women of unquestionable characters.

Key words: Conflict resolution, family business, family elders’ forum

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1. Introduction

Family business (FB) first appeared in the manufacturing sector in the United States between 1870s and 1890s and was stimulated by pervasive waves of technological innovation in production and transportation, during the period usually labelled 'the second industrial revolution'. It spread into capital-intensive industries such as chemicals, electrical products, transportation systems, petroleum refining, primary metals, cigarette production, some branches of the food and beverages industry and several others (Chandler & Hikino, 1997). Throughout history, families have been critical to the creation and operation of businesses. Families are the most important sources of human capital, social capital, financial capital, and physical capital. Worldwide, family ownership is pervasive, from ancient to modern times, and from agricultural and cottage industries to multinational corporations (International Family Enterprise Research Academy (IFERA, 2003).

Family business is the world's most prevalent and pervasive form of business organization. It constitutes a broad spectrum of enterprises, from large, multinational family-controlled conglomerates to small and medium sized enterprises (SMEs) owned and managed by families. Estimates show that worldwide, more than 75 percent of all business enterprises are owned or managed by families and approximately one-third of the 1,000 large companies in the world are controlled by families (Ramachandran, 2009). In all free market economies, family businesses represent 50 to 90 percent of the Gross Domestic Product (GDP) (Kenyon-Rouvinez and Ward, 2005). Family businesses, also known as family firms (the term interchangeably used in the study), largely consist of private sector, and are crucial for economic development of the nations. Not only family businesses are important and omnipresent, they also perform well economically. Recent study on family controlled firms on the S&P 500 – a list of top 500 companies in the world, has concluded that family firms have outperformed non-family firms (Kenyon-Rouvinez and Ward, 2005).

The world’s oldest family business comes from Japan. Kongo Gumi was established in 578 and it built temples 1428 years before it was forced to shut down the business in 2006 due to excessive debts. Still Japan is the homeland of the oldest family firm called Hoshi Ryokan that was founded in 717. The company keeps also the record of running the oldest hotel in the world and it is located in Ishikawa Prefecture on the island of Honshu. In Europe, Château de Goulaine (est. 1000), Fonderia Pontificia Marinelli (est. 1000), Barone Ricasoli (est. 1141) and Barovier and Toso (est. 1295) are among the oldest family businesses and they are still alive; and very successful due to application of good succession planning, family elderes’ forum, family harmony, adaptive leadership among others (O'Hara, 2004).

According to the PriceWaterhouseCoopers Family Business Survey (2008) the percentage of family businesses in various countries are: France (60%), Germany (60%), Netherlands (74%), Portugal (70%), Belgium (70%), United Kingdom (70%), Spain (75%), Sweden (79%), Finland (80%), Greece (80%), Cyprus (80%), Italy (93%), Australia (75%) and the United States of America (95%) (IFERA, 2003). Another business survey also indicated that about one third of the top 500 companies in the United States of America (USA) are indeed family businesses (IFERA, 2003). South Africa is not different from the rest of the world with respect to family owned business and approximately 80% of the businesses in South Africa are classified as family businesses and 60% of companies listed
on the Johannesburg Stock Exchange are also classified as family businesses (Ackerman, 2001). In Nigeria more than 70% of family businesses (SMEs) die before their founders as most of them are not able to survive a generational transition (Nworah, 2011). Family business also represents the prevailing type of organization in most Asian and Latin American countries as a result of the strong clan type culture (Ibrahim and Ellis, 2006).

The poor survival rate of these firms is a continuing source of concern given the dominance of family businesses in so many national economies all over the world. According to Davis and Harveston, (1998) just 30% of family businesses see the light of the day beyond the first generation while about 10% to 15% experience transition into third generation. Despite the high rate of mortality, successful family businesses still abound in Nigeria including Ibru's groups, the Bruce family’s Domino Group, Dangote Group, the Dantata family business, the Ekene Dili-Chukwu transport, the Iyare transport, Owodunni & Sons, God is Good Transport, Ehidenro & Sons among others (Momoh, 2010). However, Ughoro, (2011) opines that Nigerian society thrives on sentiments with people occupying positions they should not because they are related to people at the helm of affairs with founders of vibrant and viable businesses most times passing the reins to member of families, especially the eldest child even if not qualified, interested or knowledgeable enough to know their left from right due to blood connectivity. Thus, with this introduction, this study assessed the extent to which family elders’ forum affect amicable conflict resolution of family business.

2. Literature Review
One of the greatest derelictions of leaders in Nigerian society is their failure to mentor or nurture their successors to carry on founders’ legacy profitably (Wharton, 2005). This view is in support of Rothwell’s (2005) observation that continued survival of organizations depended on having the right people in the right places at the right time. Lack of succession planning has been cited as the major cause for the poor survival rate of family firms (Poutziouris, 2000). The impact on organizational continuity and sustainability could be devastating if a successor was suddenly required and none had been mentored to take over the mantle (Whittaker, 1997). Although most scholars, (Yusuf, 2000; Bagby, 2004), agree that succession planning was an integral part of the transformation strategy to the continuity of family businesses paradoxically avoiding it was the most popular feature particularly in African philosophy.

2.1. Family Council
The family council is a governance element unique to family firms. The representation can have different forms, but always follows the goal of organizing and structuring the interest of the family (i.e. family governance) and managing its relationship with the business (Gallo and Kenyon-Rouvinez, 2005; Witt, 2008). The family council differs from a family assembly with regard to its smaller size and its position as an institutional body of the company (Gallo and Kenyon-Rouvinez, 2005). It provides a forum in which all different values, opinions and attitudes vis-à-vis the firm are articulated, consolidated and afterwards presented to the TMT and the board (Gersick et al., 1997; Koeberle-Schmid, 2008).

In this regard, the family council serves as a structured nexus between the family and the business dimension, aiming to align diverging interests and to counteract
decreasing emotional attachment of shareholders to the firm. Researchers describe the 
main tasks of the family council as: (1) influencing the business toward the interests of the 
family; (2) ensuring cohesion within the family; and (3) perpetuating the family ownership 
across generations (Koeberle-Schmid, 2008; Uhlaler, 2006). Still, in order to purposefully 
exercise influence on the business, a family strategy or family constitution needs to be 
define (Angus, 2005). The family strategy or family constitution defines the rules of 
interaction among family members and between family and business (Lange, 2010; May, 
2007; Witt, 2008). It addresses critical issues such as the treatment of spouses, the 
definition of which member is entitled to work in the firm, or how dividend payments are 
determined (Baus, 2010). Once this has been done, literature quotes three ways in which 
influence might be asserted (Koeberle-Schmid, 2008). First, the family council could 
discuss strategy and vision, develop goals for the company and present them to the TMT 
and the board. Second, the family council could be involved in the selection of the board of 
directors (Ward, 2004). And third, the family council could influence the decision over 
management succession (Gallo and Kenyon-Rouvinez, 2005).

In summary, the category of family businesses is characterized by a high degree of 
heterogeneity. The literature identifies four generic types, termed controlling owner, 
sibling partnership, cousin consortium and public family firm (Gersick et al., 1997). 
Accordingly, there seem to be several adequate configurations of corporate governance, 
depending on the individual situational context, ownership configuration (Chen, 2010), 
generational life-cycle (Bettermann, 2009), complexity of the firm (Klein, 2009) and the 
corresponding governance tasks that should be fulfilled (Jaskiewicz and Klein, 2007; Klein, 
2008).

Conflict has often been portrayed as a recurring characteristic that diminishes 
the performance of family firms (Harvey and Evans, 1994), particularly during growth 
cycles of family firm development (Harvey and Evans, 1994). Family firms are prone to 
psychodynamic effects like sibling rivalry, children’s desire to differentiate themselves 
from their parents, marital discord, identity conflict, and succession and inheritance 
problems that nonfamily businesses do not suffer from (Schulze, Lubatkin, and Dino, 
2003). Due to the interconnection and frequent contact among family members 
working in the business with those who are not but may still have an ownership 
 stake, recurring conflict is highly probably in family firms (Gersick et al., 1997). As 
such, the existence of the family makes conflict a prominent characteristic in family 
firms (Sorenson, 1999). Indeed, negative interpersonal conflict, termed relationship 
conflict in the literature (Jehn 1997, 1995), has been found to negatively influence family 
firm performance (Eddleston and Kellermanns, 2007).

2.2. Conflict in Family Business

Literature on “conflict in family business” is largely based upon conflict theories applied 
in organizational behavior and management fields, and also family business literature. 
Conflict studies are often done without much reference to the particulars of the social 
and business context involved. The context of conflict management in family business 
is critical, yet there have been few empirical studies conducted on antecedents and 
correlates of conflict within family businesses. In spite of major academic research on 
family business is done in the U. S. and European countries, most of the studies are 
anecdotal in nature and study on conflict in family business is almost absent (Tjosvold,
1996). Bergmann and Volkema (1994) confirms that the consequences or an outcome of conflict is the least studied stage in the conflict process. Although there are case descriptions and theoretical articles about conflict in family business literature (Harvey and Evans, 1994; Kaye, 1991), there are few data-based studies about family business conflict.

Research on task and relationship conflict is extensive and positive and detrimental effects of each conflict in the organizational set up has been studied, Pinkley (1990) studied conflict on a multidimensional scaling, and uncovered a task-versus relationship dimension of conflict, Jehn (1992), in a multidimensional scaling study of group conflict, found that members distinguish between task-focused and relationship-focused conflicts, and these two types of conflict differently affect work group outcomes. Empirical research shows a negative association between relationship conflict, productivity, and satisfaction in groups (Wall and Nolan, 1986). It interferes with task-related effort and decreases goodwill, mutual understanding between the members of the group (Deutsch, 1969). Chronic relationship conflict can have serious detrimental effects on group functioning. To date, there has been no evidence of positive effects of relationship conflict on either performance or Satisfaction (Coser, 1956).

2.3. Leadership in Family Business
Leadership is about setting a vision, guiding the followers and influencing them to reach the vision and to achieve common goals (Ponder, 2005). It is a process of transforming a business from what it is to what the leader wants it to become. There are many theories and models describing these critical components and concepts of leadership within individuals and organizations.

Kouzes and Posner (2012) identified certain characteristics and practices in this process of getting things done through other people. Leadership defines the role rather than the person and leadership is understood by most people as having the freedom in their role to make a difference. Other authors posit that leadership can be measured and taught (Kouzes & Posner, 2012:9; Avolio and Bass, 1995).

2.4. Conflict
According to Upton (2001), family conflict is undoubtedly the number one cause of failure within a family business and is normally seen as one of the most destructive determinants impacting on family harmony. If conflict is not properly understood and managed within the family and the business and the issues are not discussed on a regular basis (formally or informally) it can lead to the destruction of the business (Sorenson, 1999).

There are various forms of conflict that are inflicted by conditions in and around the workplace and in the family structure as such (Vera and Dean, 2005):

- Work conflict is defined as the extent to which an individual experiences incompatible role pressures within the work domain.
- Family conflict is defined as the extent to which an individual experiences incompatible role pressures within the family domain.
• Inter role conflict items pertain to excessive work time, schedule conflicts and fatigue or irritability.

Chrisman et al. (2003) and Upton (2001) state that most people are scared of family conflict and they might try to resolve those issues in the business system. For example, instead of working out sibling rivalry in the family system, a brother will fight with his brother over money in the business. Family businesses have let family issues divide them and destroy the business. When conflict arises in family businesses, it usually involves money, management roles, long-term company vision and ownership or control of the company. However, the over-emphasis of harmony may also endanger the free flow of business ideas that can lead to stagnation of the business (Venter and Boshoff, 2006).

Family members need to understand the different stages of conflict to be able to manage conflict more effectively. All the various issues of decision-making, responsibility, accountability and succession have the potential to cause business conflict and family stress. Figure 1, illustrates the different cycles of conflict and it is important for family members to identify and understand the symptoms and causes of conflict (Ibrahim and Ellis, 2004).

![Figure 1: Cycle of conflict](source: Ibrahim and Ellis (2004). The determinants of family harmony in family businesses.)

The following three steps can be taken to manage the conflict and stress in a family business (Upton, 1991):
• Identify issues that may cause conflict and stress.
• Discuss these issues with the family.
• Formulate a policy to address the issues.

3. Research Methodology

3.1. Research Design
This research adopted survey design which collects data and solicits information from people concerning their opinion, beliefs, actions, and attitudes on various issues by using standardized structured questionnaire.

3.2. Sources of Data
The main sources of data to this study were primary and secondary sources.

3.3. Population of the Study
The population of the study consists of all family businesses (Small and Medium Enterprises) in South-West of the Federal Republic of Nigeria. The target population under study was therefore twenty six thousand, seven hundred and fourty-four (26,744) family businesses in South-West, Nigeria; see appendix ii. Names, addresses and core businesses of the firms were identified through SMEDAN and National Bureau of Statistics Collaborative survey (2013). The target respondents were the founders/successors and top management staff of the selected firms. This is because they are believed to possess knowledge of the topic understudy and they are the decision makers of their firms.

3.4. Sample Size Determination
It is always difficult and expensive to study the whole population. Consequently a portion of a large group was statistically selected in such a way that it was accepted as representative of the whole group. The formula adopted in determining the sample size for this study is that propounded by Cochran (1963). This mathematical method is given as:

\[ n = \frac{Z^2 Npq}{N e^2 + Z^2 pq} \]

Where:
- \( n \) = Sample size
- \( N \) = Total Population
- \( Z \) = Normal Distribution
- \( P \) = Proportion of population likely to be included in the sample (50% or 0.5 is assumed)
- \( q \) = Proportion of population not likely to be included in the sample (50% or 0.5 is assumed)
- \( e \) = Margin of error

\[ n = \frac{1.96^2 (26,744) (0.5)(0.5)}{26,744 (0.05)^2 + 1.96^2 (0.5)(.5)} = \frac{25684.9376}{66.86 + 0.9604} = \frac{25684.9376}{67.8204} \]

\[ n = 2562.4 \]

\[ n = 2562.4 \]
3.5. Sampling Technique

A systematic random sampling technique was employed in the selection of five hundred and thirty one (531) from the total firms’ population of twenty six thousand, seven hundred and fourty-four (26,744) family businesses (SMEs) in South-West, Nigeria. However, given the relative size of the industries and to ensure that the sample was representative of each state, stratified random sampling technique was used to determine the number of respondents selected for each state, from the five hundred and thirty one (531) firms. Hence, 531 represent the sample size for the population. The sample size for each stratum or state to be sampled was estimated using Bowley’s proportion allocation statistical techniques.

\[
\frac{n_h}{N} = \frac{nN_h}{N}
\]

Where

- \( n_h \) = the number of unit allocated to each stratum
- \( N_h \) = the number of SMEs in each state
- \( n \) = the total sample size
- \( N \) = the actual or total population

Thus:

**Table 3.1: Family Owned Business (SMEs) by State**

<table>
<thead>
<tr>
<th>State</th>
<th>Small</th>
<th>Medium</th>
<th>Total</th>
<th>Each State Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>EKITI</td>
<td>903</td>
<td>126</td>
<td>1,029</td>
<td>1,029*531/26,744 = 20</td>
</tr>
<tr>
<td>LAGOS</td>
<td>11,044</td>
<td>619</td>
<td>11,663</td>
<td>11,663*531/26744= 232</td>
</tr>
<tr>
<td>OGUN</td>
<td>1,690</td>
<td>104</td>
<td>1,794</td>
<td>1,794*531/26744= 36</td>
</tr>
<tr>
<td>ONDO</td>
<td>1,805</td>
<td>194</td>
<td>1,999</td>
<td>1,999*531/26744= 40</td>
</tr>
<tr>
<td>OSUN</td>
<td>2,247</td>
<td>25</td>
<td>2,272</td>
<td>2,272*531/26744= 45</td>
</tr>
<tr>
<td>OYO</td>
<td>7,468</td>
<td>519</td>
<td>7,987</td>
<td>7,987*531/26744= 158</td>
</tr>
<tr>
<td>Total</td>
<td>25,157</td>
<td>1,587</td>
<td>26,744</td>
<td>531</td>
</tr>
</tbody>
</table>

**Source:** SMEDAN and National Bureau of Statistics Collaborative survey (2013)
3.6. Validity of Research Instrument

In this research, content validity was established by pre-testing the survey instrument, rephrasing of wordings for clarity and coverage of variables in the study objectives in order to assure adequacy, appropriateness, inclusiveness and relevance of the instrument to the subject under study. However, to achieve content validity, the questionnaire was sent to five experts. Three experts in business management, from the department of management, Faculty of Business Administration, University of Nigeria, Enugu Campus while two other experts in SMEs administration were drawn from Small and Medium Enterprise Development Agency of Nigeria (SMEDAN).

3.7. Reliability of Research Instrument

Reliability of a test instrument is the consistency of the test in measuring whatever it purports to measure. It is also called stability, dependability, or predictability. Reliability is the degree to which a measure will yield similar result for the same object at different times under the same conditions (Uzoagulu, 1998 and Rumkel, & Grath, 2009). A test-retest method was adopted to make the questionnaire reliable. This was done by administering 25 copies of the questionnaire to the respondents of the selected family businesses firms in South West, Nigeria. After a period of two weeks, the same questionnaire was re-administered. The two sets of scores were correlated using Spearman’s rank order correlation co-efficient. The formula is:

\[ r = 1 - \frac{6 \sum d^2}{n (n^2 - 1)} \]

Where:

- \( r \) = Spearman’s Rank Order Correlation Co-efficient
- \( d \) = Difference between rank of responses (i.e. \( R_x - R_y \))
- \( n \) = Number of respondents

**Table 3.5  Spearman’s Rank Order Correlation Coefficient Test-Retest Results**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>1st Test</th>
<th>2nd Test</th>
<th>( R_{1st} )</th>
<th>( R_{2nd} )</th>
<th>d</th>
<th>( d^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>83</td>
<td>83</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>62</td>
<td>65</td>
<td>23</td>
<td>25</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>63</td>
<td>25</td>
<td>24</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>81</td>
<td>80</td>
<td>9</td>
<td>10</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>82</td>
<td>83</td>
<td>7</td>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>83</td>
<td>83</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>75</td>
<td>77</td>
<td>16</td>
<td>15</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>73</td>
<td>79</td>
<td>18</td>
<td>13</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>9</td>
<td>74</td>
<td>76</td>
<td>17</td>
<td>16</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>69</td>
<td>70</td>
<td>20</td>
<td>20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>70</td>
<td>72</td>
<td>19</td>
<td>19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>67</td>
<td>69</td>
<td>21</td>
<td>21</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
The result \( r \) is 0.93. This high positive correlation implies that the instrument (questionnaire) in this study is reliable.

### 3.8. Method of Data Collection

The method of data collection was the application of structured questionnaire and open-ended interview schedule.

### 4. Results and Discussion

#### 4.1. Descriptive Analysis of Family Elders’ Conflict Resolution

**Table 4.1:** Descriptive analyses of items on family elders’ forum/amicable conflict resolution dimension of critical success factors for sustainability of family businesses in South West, Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>DESCRIPTION</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
<th>( \bar{X} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>The family business has a standing agreement on how to address issues that</td>
<td>113</td>
<td>215</td>
<td>25</td>
<td>123</td>
<td>26</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>may arise in the business.</td>
<td>(22.5)</td>
<td>(42.8)</td>
<td>(5.0)</td>
<td>(24.5)</td>
<td>(5.2)</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>In the family business non-family employees Form part of the management</td>
<td>227</td>
<td>115</td>
<td>-</td>
<td>93</td>
<td>67</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>team.</td>
<td>(45.2)</td>
<td>(22.9)</td>
<td>(18.5)</td>
<td>(13.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Some family members take advantage of the family name and reputation for the</td>
<td>122</td>
<td>169</td>
<td>16</td>
<td>52</td>
<td>43</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>selfish gain.</td>
<td>(24.3)</td>
<td>(53.6)</td>
<td>(3.2)</td>
<td>(10.4)</td>
<td>(8.5)</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Some family members are not transparent to other members in their business/</td>
<td>193</td>
<td>210</td>
<td>19</td>
<td>57</td>
<td>23</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td>financial dealings.</td>
<td>(38.4)</td>
<td>(41.8)</td>
<td>(3.8)</td>
<td>(11.4)</td>
<td>(4.6)</td>
<td></td>
</tr>
</tbody>
</table>
There is a feeling of competition/rivalry among some family members. 97 156 57 121 71 (19.3) (31.1) (11.4) (24.1) (14.1) 3.2

There is dissatisfaction among some family members on sharing of power and authority. 86 129 14 182 97 (15.9) (25.7) (2.8) (36.3) (19.3) 2.9

Some family members take important decision without the consent of other family members. 49 123 33 215 82 (9.8) (24.5) (6.6) (42.8) (16.3) 2.7

Some family members have overlapping roles and responsibilities in the business. 129 147 20 153 53 (25.7) (29.3) (4.0) (30.5) (10.5) 3.3

We do not have transparent, well-organized processes and policies in the business operations. 49 104 26 187 136 (9.8) (20.7) (5.2) (37.3) (27) 2.5

There is lack of communication among family members. 77 105 53 189 78 (15.3) (20.9) (10.6) (37.6) (15.6) 2.8

In our family, it is important to follow family traditions and customs. 123 189 13 119 58 (24.5) (37.6) (2.6) (23.7) (11.6) 3.4

Source: Research Survey, 2018. The figures in brackets are percentage analysis.

Table 1, demonstrates the family elders’ forum/amicable conflict resolution dimension of critical success factors for sustainability of family businesses in South West, Nigeria. The respondents affirmed that the family business has a standing agreement on how to address issues that may arise in the business 3.5; in the family business non-family employees form part of the management team 3.7; some family members take advantage of the family name and reputation for their selfish gain 3.0; some family members are not transparent to other members in their business financial dealings 4.0; there is a feeling of competition/rivalry among some family members 3.2; some family members have overlapping roles and responsibilities in the business 3.3; in our family, it is important to follow family traditions and customs 3.4. This is clearly demonstrated as the mean scores of the respective items were well above the criterion mean of 3 in the Likert 5 point scale continuum responses of strongly agree to strongly disagree. On contrary, the respondents refuted that there is dissatisfaction among some family members on sharing of power and authority 2.9; some family members take important decision without the consent of other family members 2.7; we do not have transparent, well-organized processes and policies in the business operations 2.5; there is lack of communication among family members 2.8. This is clearly demonstrated as the mean scores of the respective items were well below the mean benchmark of 3 in the Likert 5 point scale continuum responses of strongly agree to strongly disagree.

4.2. Hypothesis Testing
Ho: There is no significant positive effect of family elders’ forum on amicable conflict resolution of family business.
H1: There is significant positive effect of family elders’ forum on amicable conflict resolution of family business.

Table 4.2, Regression Analysis of Variance (F) on the effect of Family Elders’ Forum on Amicable Conflict Resolution of Family Business in South West, Nigeria

Table 4.2a

<p>| Source: Research Survey, 2018. The figures in brackets are percentage analysis. | Descriptive Statistics |</p>
<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family elders’ forum</td>
<td>2.4701</td>
<td>1.22601</td>
<td>502</td>
</tr>
<tr>
<td>Amicable conflict resolution of family business.</td>
<td>2.3187</td>
<td>1.51572</td>
<td>502</td>
</tr>
</tbody>
</table>

*Source: SPSS version 23 computation*

**Table 4.2b**  
**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.932a</td>
<td>.869</td>
<td>.869</td>
<td>.44453</td>
<td>.075</td>
</tr>
</tbody>
</table>

*Source: SPSS version 23 computation*

a. Predictors: (Constant), Family elders’ forum  
b. Dependent Variable: Amicable conflict resolution of family business.

**Table 4.2c**  
**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>654.249</td>
<td>1</td>
<td>654.249</td>
<td>3310.898</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>98.802</td>
<td>500</td>
<td>.198</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>753.052</td>
<td>501</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: SPSS version 23 computation*

a. Dependent Variable: Amicable conflict resolution of family business  
b. Predictors: (Constant), Family elders’ forum

**Table 4.2d**  
**Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.722</td>
<td>.036</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Family elders’ forum</td>
<td>.754</td>
<td>.013</td>
<td>.932</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>19.896</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>57.540</td>
<td>.000</td>
</tr>
</tbody>
</table>

*Source: SPSS version 23 computation*
a. Dependent Variable: Amicable conflict resolution of family business

**Result Summary**

\[ R = 0.932 \]
\[ R^2 = 0.869 \]
\[ F = 3310.898 \]
\[ T = 57.540 \]
\[ DW = 0.075 \]

**4.3. Interpretation of the Result**

Table 4.2a shows the descriptive statistics of family elders’ forum and amicable conflict resolution of family business. The result shows that family elders’ forum have a mean and SD responses of 2.47 ± 1.22 while successful management transition of family business have a mean and SD responses of 2.32 ± 1.52. The standard deviation values, show that there is less difference in terms of the standard deviation scores. This implies that there is about the same variability of data points between the dependent (amicable conflict resolution of family business) and independent variables (family elders’ forum).

A linear regression analysis conducted to assess the extent to which family elders’ forum affect amicable conflict resolution of family business (Table 4.2b) shows that there is strong positive relationship between family elders’ forum and amicable conflict resolution of family business (R-coefficient = .932). The R square, the coefficient of determination, shows that only 86.9% of the variation in amicable conflict resolution of family business can be explained by family elders’ forum with no autocorrelation as Durbin-Watson (.075) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .44453. The regression sum of the square 654.249 is more than the residual sum of the square 98.802 indicating that the variation is not due to chance. The F-statistics = 3310.898 shows that the model is significant.

**Decision Rule**

Reject null hypothesis (Ho) if P-Value < 0.05 and do not reject Ho if otherwise

**Decision**

Since the P-Value 000 < 0.05, we reject the null hypothesis (Ho) and then conclude that there is significant positive effect of family elders’ forum on amicable conflict resolution of family business.

**4.4. Discussion of Findings**

*Research Objective: To assess the extent to which family elders’ forum affect amicable conflict resolution of family businesses in South West, Nigeria*

The analysis of the postulated hypothesis was to assess the extent to which family elders’ forum affect amicable conflict resolution of family businesses. The result from Table 4.2xxx
demonstrated that a linear regression analysis conducted to assess the extent to which family elders’ forum affect amicable conflict resolution of family business (Table 2) showed that there is strong positive relationship between family elders’ forum and amicable conflict resolution of family business (R-coefficient = .932). The R square, the coefficient of determination, shows that only 86.9% of the variation in amicable conflict resolution of family business can be explained by family elders’ forum with no autocorrelation as Durbbin-Watson (.075) was less than 2. With the linear regression model, the error of estimate was low, with a value of about .44453. The regression sum of the square 654.249 was more than the residual sum of the square 98.802 indicating that the variation was not due to chance. The F-statistics = 3310.898 showed that the model is significant. Therefore, on the whole, family elders’ forum had positive significant effect on amicable conflict resolution of family businesses (R-coefficient = .932) in South West, Nigeria.

On the effect of governance structures on growth and sustainability, the study indicated clear leadership structure in the business encourages faster decision making process. From the study, businesses with clear leadership structures also had better profits and had been longer in the business operation. The study also showed a significant agreement with the statement that governance structures provided insight into how other businesses pursued new approaches. This could be interpreted as recognition by the younger second generation managers that multiple directorships expose the directors to different leadership styles and monitoring behaviour thus ensuring that businesses stay afloat in line with their objectives (Richardson, 2011). Useem, (2013) also argued that multiple directorship enhanced business performance by using a wider insight of knowledge.

According to the findings of the study, governance structures explain 86.9% of variation in growth of small and medium enterprises owned by families in South West, Nigeria which was a fairly prevalent factor. This had an implication that a change in one unit in organization structures would result in 86.9% growth for the small and medium enterprises. This finding was similar to Zong (2009) who found that SMEs managers develop governance practices with a more proactive, but less formal, approaches that drives growth and sustainability.

5. Conclusion
From the analysis of the research questions and test of hypothesis, Elders’ forum had significant positive effect on amicable conflict resolution of family businesses in South West, Nigeria (R-coefficient = .932; p<0.05). The study concluded that family business is the world’s most prevalent and pervasive form of business organization that constitutes a broad spectrum of enterprises, from large, multinational family-controlled conglomerates to small and medium sized enterprises (SMEs) owned and managed by families. Furthermore, they play a significant role in both the stability and health of the global economy but despite their importance to the national economy, the survival rate of family firms beyond the founder’s generation is extremely low especially in Nigeria.

6. Recommendation
Based on the findings of the study, it was recommended that, to continue the founders legacy profitably and ensure amicable conflict resolution family elders’ forum should be constituted and comprised of men and women of unquestionable characters.
References

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