

CONFLICT MANAGEMENT IN NIGERIAN FAMILY BUSINESSES: IMPLICATIONS ON FAMILY BUSINESS FOR SUSTAINABLE DEVELOPMENT

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Abstract

Globally, little research efforts have been made to interrogate the link between conflict management and the performance of family businesses. Yet, studies exploring the African context are missing in the global literature. This attempts to close this knowledge gaps by investing the causes of conflicts in Nigerian family businesses, the management strategies deployed and how conflict management influences the family business for sustainable development (FBSD) agenda. A qualitative research via structured interviews of family business owners was carried to identify the common causes of conflicts and the key management styles adopted in resolving them as well as how FBSD is affected. Findings revealed four common causes of conflict including financial information asymmetry, non-inclusive management, poorly defined roles, and family structure, as well as four conflict management approaches- family meetings, traditional, religious, and legal approaches. This study, for the first time, identifies drivers of conflicts in Nigerian family firms and the strategies deployed to manage them. It contributes to theory development and draws attention to conflict management as a strategic tool towards FBSD.

Keywords: *Family business; Conflict; Conflict management; Qualitative research; Family Business for Sustainable Development.*

Introduction

Family businesses in Africa struggle to actualize business continuity/longevity goal as majority do not survive beyond their founders' generation (Lagos Business School, 2023), a situation that hampers the actualization of the much desired family business for sustainable development (FBSD) (www.fbsd-unctad.org, 2022). African family businesses face a myriad of challenges that threaten their ability to survive and sustain their contributions to the economic development of the region. These challenges such as ability to manage conflicts might be handled in different ways by family firms depending on certain contextual factors like culture, environment, family type, and level and type of education which differ across continents (Krueger et al., 2021; Odeme and Hinson, 2023). Although conflicts are common in family businesses (Jung et al., 2023), very little scholarly attention has been devoted to conflict management in family business (Kidwell et al., 2024), and the African context is largely missing. Again, no study is known that links family business conflict management to FBSD.

However, a systematic literature review of articles published between 1990 and 2010 suggests that most studies focused on causes and effects of conflicts and very little others on conflict management (Frank et al., 2011). Besides, a bibliometric analysis of 106 articles published between 1971 and 2017 by Caputo et al. (2018) found no article from the African context. Yet Krueger et al. (2021) emphasized the relevance of context in family business research.

The numerous ethnic groups in Africa (e.g., the Igbos in Nigeria, the Gurage in Ethiopia, the Ewes in Ghana, the Gons in the Benin Republic, and the Zulus in South Africa) have unique structures to ensure the transfer of business knowledge and wealth to the next generation (Ifeanyichukwu et al., 2023). This uniqueness can affect how family business conflicts emerge and are resolved (Odame and Hinson, 2023), thereby justifying specialized research attention.

Currently, there is no study that details the geographical spread of current publications in family business conflict management research and the prominent methodologies adopted. Research on African-specific family business conflict typologies and management/resolution approaches are also missing in the global entrepreneurship literature (Acquaah and Eshun, 2016). The study, therefore conceptualizes African family business conflicts and management strategies, and thus, provides directions for future research and theory development. More specifically, these research questions moderate the study:

1. What are the common causes of conflict in Nigerian family businesses?
2. What strategies do Nigerian family businesses deploy in handling conflicts?
3. To what extent do these conflicts/management strategies impede/support FBSD?

Theoretical Background

Family firms have emerged as an indispensable global business typology. According to Birdthistle and Hales (2023), most definitions of family business take either the process (e.g., family members' involvement in business decision-making) or structural (ownership and business control) lens. A family business therefore has family members' involvement, sometimes across different generations, in the ownership and management of a business. Ratten (2023¹) proposes that "a family business is built around a unique connection of emotional connections, trust and interdependence."

Africa is home to a high number of small companies, most of which are organized around the family (Wale-Oshinowo, 2023). However, family enterprises in Africa face a myriad of challenges including that of managing conflicts and harnessing such situations for growth (Odame and Hinson, 2023). Conflict "refers to some form of friction, disagreement, or discord arising between individuals or within a group" (Madalina, 2016:808). Therefore, family business conflict is a disagreement or misunderstanding between or among members (owners) of a family business.

Conflicts can be functional/constructive or dysfunctional/ destructive. Functional conflict improves goal congruence and group performance, while the expected performance of a group, an individual, or an organization is hampered by dysfunctional conflict (Kinicki and Kreitner, 2008). The literature has identified several drivers of family business conflict including family systems, perceived injustice/unfair treatment, and family involvement in the business (Kidwell et al., 2024).

The ability to manage conflicts is critical in achieve positive outcome in a conflict situation. In family businesses, conflict management fosters an atmosphere that may be used to identify, resolve, and possibly even avoid future disputes (Doomenici and Littlejohn, 2001). Conflict management strategies, according to Deanna (1988) include collaborating, competing, avoiding, accommodating, and compromising. The collaborative conflict management style maximizes the use of both assertiveness to address one's own problems and cooperativeness to address those of the other party. Competing style occurs when parties attempt to impose their desires, will, and viewpoints on another. People that shy away from conflict are usually timid and uncooperative, avoiding a confrontation tactfully or leaving a dangerous situation. There is a component of self-sacrifice when one makes accommodations in order to appease the other. The compromising approach keeps some assertiveness and cooperation while seeking a quick, amicable resolution that somewhat appeases all sides to the disagreement.

The United Nations (UN) sustainable development goals (SDGs) have preoccupied the orientations of businesses in the recent time with several international bodies pursueing various agenda towards actualizing a sustainable future. The FBSD is a partnership initiative between the UN and the Family Business Network (FBN). The goal of FBSD is to foster sustainability consciousness in family

businesses around the globe. “Its ambitious package of deliverables aims at mobilizing business families and their firms to embed sustainability into their business strategies, thereby committing to concrete, measurable contributions towards the SDGs” (www.fbsd-unctad.org, 2022). FBSD leads family firms towards pledging to be sustainability conscious and the adoption of sustainability indicators in their reporting. Specifically, this study argues that several sustainability indicators for family business (SIFB) are achievable if family firms are able to manage business conflicts effectively/strategically. Examples include family business governance, responsible ownership, philanthropy, board meetings attendance, gender equality, compensations, and human capital. Above all, an atmosphere of conflict in family firms hinders innovation and could lead to business collapse and job loss resulting in an unsustainable society.

Methodology

The study adopts the qualitative research approach. Thus, an exploratory qualitative research which involved face-to-face and phone interview of eleven (11) experienced family business owners was conducted. The emerging nature of research on conflict management in African family business justifies this approach. Qualitative research has been defined as “an iterative process in which an improved understanding of the scientific community is achieved by making new significant distinctions resulting from getting closer to the phenomenon studied” (Aspers & Corte, 2019) in Agu et al. (2024). By exploring the experiences of family business owners who, at various times, have experienced and managed conflicts in their business, a nuanced perspective to conflict management in family business from the African context is provided. In doing this, the research followed an established guide to a semi-structured interview which permits the researchers to ask predetermined and open-ended questions. The process was guided by the set research questions and objectives as well as insights from the literature review (Madichie & Agu, 2022; Agu et al., 2023).

A purposive sample of family business owners participated in the interview. Therefore the purposive sampling method which allows researchers to recruit participants that are most likely to provide reliable and useful information was used (Campbell et al., 2020). The inclusion criteria considered are: ownership/co-ownership of a registered family business, experience of conflicts in the business, ability to manage the conflict, and adults of not less than 18 years. The study excluded

people who are managing family businesses but are not members of the families that own the businesses. The data gathering process span through the months of February and March 2024 and was approved by the Research, Ethics and Publications Unit of the lead author’s university as follows: ABSU/FEMS/MKT/2024/02. All interviews were conducted in English Language given participants’ good level of education.

An initial text/WhatsApp messages was sent to participants detailing the purpose of the study and seeking their voluntary participation in the interview. Positive responses were followed with a request for an appropriate date, time and format of interview, whether via phone or face-to-face. Thereafter, participants were assured of the confidentiality of their responses. Each interview lasted between 46 to 67 minutes. With the approval of the participants, the interactions were audio-recorded. In line with the deductive approach to qualitative research, we continued to gather data that are relevant and insightful towards theory development until data saturation was reached after the 11th interview.

To analyze the generated data, first, the recorded data were transcribed verbatim by means of the traditional manual process. This was followed with a content analysis of the transcribed data in order to derive meanings from them. To do this effectively, the research team reviewed the transcribed data individually and collectively, thereby enabling the generation of relevant codes (Agu et al., 2024). Thereafter, manual labeling of the generated codes was performed to index them as they relate to a theme in the data before the emergence of major themes through the process of sorting and collating of relevant coded data extracts (Braun & Clarke, 2006). Emerging themes were documented and cross-matched before the final themes were adopted.

Tables and quotes were used to support the emergence of themes. In all, the qualitative data analysis involved the following iterative process: Data transcription, content analysis, coding, thematization and interpretations. In order to establish trustworthiness and confirmability, we followed the suggestions of previous research (Madichie & Agu, 2022). Thus, independent experts were engaged to examine the data and the emerging themes. This was followed with a presentation of the data and themes back to the participants for affirmation.

Analysis of Results

In this section, we address questions three and four by analyzing the generated and transcribed qualitative data. First, we present the descriptive characteristics of participants.

A total of 11 family business owners who have had various degrees of conflicts in their businesses participated in the study. The process of data collection shows that data saturation was actualized with this number. Within the sample, 9 (81.82 per cent) are males, while 2 (18.18 per cent) are females. 10 or (90.91 per cent) participants have higher education degrees including 4 that have master's degrees. Only 1 or (9.09 per cent) have secondary education as highest education qualification. All the participants are married. While 7 participants or (63.64 per cent) aged between 35 and 50 years, 4 or (36.36 per cent) aged above 50 years. Again, 4 participants or (36.36 per cent) are in the service sector such as education, hotel and transport services provision while 5 or (45.45 per cent) are in the manufacturing sector such as bakery, livestock, and furniture. The remaining 2 or (18.18 per cent) engage in wholesaling of imported products. All the participants have been in the business for more than 8 years: 3 (27.27) for 9 to 14 years; 7 (63.64) for 15 to 20 years; and 1 (9.09) for above 20 years. To conceal the identity of the participants, the English alphabets are used to label the participants in the descriptive table and subsequent analysis, especially in expressing quotations.

Causes of Conflicts in African Family Businesses

Financial Information Asymmetry

Income and expenditure information asymmetry emerged as the overriding cause of conflict in African family businesses and this is supported in the literature (Agu, 2021; Bhatia & Kaur, 2024; Qiu and Freel, 2019).

Non-Inclusive Management

Managing family firms in isolation of relevant family members (stakeholders of the business) was revealed as a challenge that results in conflict in African family firms. The findings correspond with previous research (Anderson, 2015; Qiu & Freel, 2019).

Poorly Defined Roles

The inability of African family businesses to clearly define the roles of stakeholders in the business also emerged as a cause of conflict. This is in alignment with previous research (Memili et al. 2012)

Family Structure

Being mostly polygamous in nature, most African family businesses that are conflict-riddled have identify their family structure as a trigger of conflict in their businesses, thereby, corroborating extant research (Oury et al., 2023; Odame and Hinsin, 2023).

Conflict Management Strategies

In managing family business conflicts, the African family business owners identified the following strategies they adopt: family meetings, adherence to traditional and cultural beliefs, involving religious leaders, and seeking legal redress. These finding synchronize with extant research (Alderson, 2015; Suddaby et al., 2020; Fathallah et al., 2020;)

Fostering FBSD through effective Family Business Conflict Management

Given the peculiar and disruptive nature of conflicts in African (Nigerian) family firms and the efficacy of the identified conflict management strategies, we affirm that conflict avoidance and conflict management are inevitable in the actualization of the FBSD agenda. The conflict free outmospher leads to innovation and business growth which are imbedded in the SIFB.

Table 2: Coded Thematic Frames for Causes of Conflict and Conflict Management Strategies in African Family Businesses

Themes	Description	Emerging Subthemes
<i>Common Causes of Conflicts</i>	Drivers or triggers of conflicts among members of African family businesses.	<ul style="list-style-type: none"> • Financial information asymmetry • Non-Inclusive management • Poorly Defined Roles • Family Structure
<i>Conflict Management Strategies</i>	Approaches adopted by African family firms in resolving business conflicts.	<ul style="list-style-type: none"> • Family meetings • Traditional approach • Religious approach • Legal approach

Source: Authors' own compilation, 2025.

Conclusions

The purpose of this study was to shed light on the current state of conflict management and family business research with a view to exploring the African, specifically Nigerian context. Specifically, it revealed the common causes of conflicts and the management styles applied in African family businesses. Based on insights from previous studies, the study established that the African context, unlike other contexts such as Europe and North America, and the qualitative/case study approach, unlike the conceptual and quantitative approaches, have received very little scholarly attention. Besides, there is an alarming paucity of research on conflict management in family business. More worrisome is the fact that no African-focused study was published leading journals within the last two decades and half and no study links family business conflict to the FBSD.

Given scholars' emphasis on contexts and the uniqueness of African family businesses, this research explored, via structured interviews of experienced family business owners in the South east Nigeria, the common causes of conflicts in African family businesses and the management strategies adopted. Financial information asymmetry, non-inclusive management, poorly defined roles and family structure emerged as key causes of conflicts. To resolve the conflicts, the firms deploy the family meetings, traditional, religious and legal approaches.

Since family business conflicts cause more harm (e.g., destructive conflicts) than good (e.g., constructive conflicts), avoiding areas of such negative-effect conflicts and also being able to manage the conflicts effectively becomes imperative for longevity and achievement of the UN's SDGs. Thus, this study recommends the need for financial openness among members of the family, inclusive/participative management, clear definition of roles of family members in the business, and the need to consider the family structure (especially polygamous families) in reaching family business decisions. In situations of conflict resolution using any of the four identified channels (family meetings, traditional, religious, and legal), the principles of collaboration, accommodation and compromise in conflict management will produce more fruitful,

satisfactory and sustainability-oriented outcomes than competing and avoidance principles.

This study contributes to the ongoing building of conflict management and family business theories by developing a theoretical conceptualization of the current state of research in the area and an African context of the phenomenon. Thereby closing the gap of the missing African context in ranked journals and in response to previous calls for future studies to theorize about conflicts in family business and focus on context (Krueger et al., 2021).

Practically, the study contributes to the provision of directions that will increase the sustainability consciousness and longevity of African family businesses which are known for their short-life span due to post-founder conflicts. Particularly, the study calls on leading journal editors and business schools to devote special attention to the African context and case study method in the area of family business and conflict management. Focusing on the various entrepreneurial ethnic groups in Africa that have renowned family-owned businesses will enable contextualization of frameworks and testing of known family business and conflict management theories in order to prove their applicability to the African context.

The study is limited in methodology given its qualitative research approaches. Therefore, future and ongoing studies are encouraged to adopt other research approaches and to cover African settings, thus, aiming to validate the findings of the present study.

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