



## TRANSMISSION OF CORE FAMILY VALUES TO FAMILY BUSINESS IN GHANA FOR EFFECTIVE MANAGEMENT AND GROWTH

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**Abstract:** *This paper analyzes family values that have been holding most family businesses together both in Ghana, Africa and the rest of the world. More specifically, the study contributes to the literature by enabling a deeper understanding of the differences and similarities of the corporate values at the foundation of most businesses as against family-owned businesses. The study also looks at transferring most cherished family values into the running and managing of family owned businesses and assess the impact on productivity.*

*Ten personal interviews and questionnaires data were used to identify common themes relating to family values. According to the study findings, the values of creativity, integrity, respect, honesty, excellence, teamwork, entrepreneurship and generosity are the top most-mentioned values in all the ten family-owned firms interviewed.*

*It is recommended that the family values of generosity, creativity, entrepreneurship if applied in family business would help family business in Ghana grow as they the most cherished values in the families in Ghana.*

**Keywords:** *Family, Values, Family-Values, Family-Business, Creativity, Generosity, Entrepreneurship*

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## **1.0 INTRODUCTION**

Reviewing extensive work on family values in family owned firms by Chrisman et al (2010), Ward (2008), Neubauer and Lank (1998), they explore the differences and similarities of the values being communicated by family-owned and non-family-owned corporations, and the impact of these values on organizational culture and company performance.

“One of the potentially great strengths of a family owned business is that they are influenced by the family’s values in ways that are good for the business, the family and society at large” (Neubauer and Lank, 1998).

This research work takes a closer look at some rich Ghanaian family values and practices and how to transfer such values in family owned business. The research also tries to identify other values in non-family firms which are beneficial to family businesses. This paper focuses only on the most mentioned values from the ten random sample size chosen.

According to the study findings, the values of integrity, respect, honesty, excellence, teamwork and generosity are the top most-mentioned values in all the ten family-owned firms interviewed.

These values tend to be more people-oriented, emphasize collectivity more than individuality, and support a long-term perspective and a sense of stewardship and responsibility toward the future of the family and the community in which the businesses operate. These findings are in line with research conducted by Neubauer and Lank (1998) on the same subject matter.

### **1.1 Statement of Problem**

Family values have been holding most family businesses together both in Ghana, Africa and the rest of the world. However, enough studies have not been done on most cherished family values for family businesses in Ghana for effective and efficient management for family businesses.

### **1.2 Purpose of the Study**

The purpose of this paper is to analyze family values that have been holding most family businesses together both in Ghana, Africa and the rest of the world. The study also looks at



transferring most cherished family values into the running, maintaining and managing of family owned businesses and assess the impact on productivity.

### **1.3 Limitations**

The research is limited in scope and depth since only ten family own businesses were targeted and also Ashanti Region was selected out of ten regions of Ghana. Also there is little work that have been done about the most cherished family values that help in maintaining, managing and running family business in Ghana. However, this does not negate the importance of the study as the conditions prevailing in one region of Ghana are not of much different from other regions in the country.

## **2.0. LITERATURE REVIEW**

### **2.1 Family**

United Nation defined the family as the natural and fundamental group unit of society and is entitled to protection by society and the State (United Nations, 1948).

The United State of America population census bureau in 2005 defined family to consists of two or more people, one of whom is the householder, related by birth, marriage, or adoption and residing in the same housing unit. A household consists of all people who occupy a housing unit regardless of relationship. A household may consist of a person living alone or multiple unrelated individuals or families living together” (U.S. Census Bureau, 2005).

According to Dr. Murray Bowen, a specialist in human behavior, families are complex units that are bonded by strong emotional connections (Gilbert, 2006). The ways in which members of a family interact with each other and in relation to the group as a whole are often referred to as family dynamics. Traditions, communication styles, behavioral patterns and emotional interdependence all influence the dynamics between family members.

In the recent time society’s definition of a family has expanded to include single parents, biracial couples, blended families, unrelated individuals living cooperatively, and homosexual couples, among others’ (Jedlicka, 2011; Crawford, 1999).

In Ghanaian contest, family is more of extended type rather than nucleus one as exist in more advanced nations like America and the United Kingdom. Looking carefully into the various



definitions of family by different authorities reveals some basic similarities, these are special bond, respect for authority, and protection and well being members.

In Ghana, the family structure put the older and more responsible member of the family as the head, but in recent times because of the complex nature of jobs where people are scattered all over the globe, family heads are select from those members living at the ancestral home, hence age may not necessary be a factor in the selection of a family head.

As soon as a family head is chosen, irrespective of the age, all family members are obliged to accord him with the necessary respect and he also commands authority, takes final decisions and manages the family assets or property

## **2.2 Family Business**

There are many definitions for family business (Chrisman et al, 2010; Ward, 2008; Burns, 2007 and Miller and Breton-Miller, 2005), however, in this paper, a family business is defined as a business actively owned by more than one member of the same family and one or more members within the management team are drawn from the owning family.

Family businesses can have owners who are not family members. Family businesses may also be managed by individuals who are not members of the family (Chrisman et al, 2010; Ward, 2008; Burns, 2007 and Miller and Breton-Miller, 2005).

However, family members are often involved in the operations of their family business in some capacity and, in smaller companies, usually one or more family members are the senior officers and managers. Many businesses that are now public companies were family businesses.

Family participation as managers and/or owners of a business can strengthen the company because family members are often loyal and dedicated to the family enterprise. However, family participation as managers and/or owners of a business can present unique problems because the dynamics of the family system and the dynamics of the business systems are often not in balance. In a family business, one or more members within the management team are drawn from the owning family (Burns, 2007).



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### **2.3 Family Values**

Value is a concept that describes the beliefs of an individual or culture (Chrisman et al, 2010; Ward, 2008; and Burns, 2007). A set of values may be placed into the notion of a value system. Values are considered subjective and vary across people and cultures. Types of values include ethical/moral values, doctrinal/ideological (political, religious) values, social value.

Family values are political and social beliefs that hold the nuclear family to be the essential ethical and moral unit of society. Familialism is the ideology that promotes the family and its values as an institution (Revillard, 2006).

Values inspire people to do things that are sometimes difficult, to make commitments that require discipline and to stick to plans for the long haul. An enduring commitment to values is the greatest strength and competitive advantage family ownership can bring to any company.

## **3.0 METHODOLOGY**

### **3.1 Study Design**

The research method adopted was the quantitative one. This was because the research sought to find out the family values mostly used in family business. Therefore the collection and analysis of data in numeric form was found to be appropriate in conducting the study.

### **3.2 Research Approach**

Two main approaches were used to conduct the research to achieve the purpose of the study. The first approach was the short personal interview during the familiarity visit to family-owned businesses. Based on the familiarity visit, questionnaire was designed, which was mainly used as second approach in collecting data from family-owned businesses. The questions were structured in such a way to provide information on family values such as generosity, creativity, entrepreneurship, integrity, teamwork, and honesty as used in family-owned businesses.



### **3.3 Sample Technique and Size**

A purposive sampling technique was used to select ten family-owned businesses in located in the various places of Ashanti Region of Ghana. Purposive method was used due to the nature of the locations of the family businesses. Descriptive statistics was used to analyze the data.

### **3.4 Data Presentation**

Data collected were analyzed using descriptive statistics. The findings of the study were tabulated in Table 1: Core values in Family Business in the list of Tables after References to ensure easy interpretation.

Table 1 (Core values in Family Business) describes the values that were most frequently mentioned by ten family owned businesses consulted in the Ashanti region of Ghana.

Majority of the ten family-owned businesses visited identify generosity, creativity and entrepreneurship as core business values, along with honesty, teamwork, and integrity as the major values sustaining their ventures to date as confirmed in the study conducted by Garcia-Marza (2005).

**Table 1: Core values in Family Business**

No	Values Mentioned in Family-Owned Firms	Number (n)	Percentage (%)
1	Generosity	3	30
2	Creativity	2	20
3	Entrepreneurship	2	20
4	Teamwork	1	10
5	Integrity	1	10
6	Honesty	1	10
	Total	10	100

**Source: Field Data (2011)**

Thirty (30%) of the respondents believed that generosity is the most cherished family values holding family business. This is followed by twenty (20%) each for creativity and Entrepreneurship. The least values found were teamwork, honesty and integrity accounting for



ten (10%) each. Since the values of generosity and respect seem to be critical foundation values for today's organizations, it is not surprising to find them as top values in all the ten family businesses visited.

## **4.0 ANALYSIS OF THE THREE MOST MENTIONED VALUES IN FAMILY-OWNED FIRMS**

### **4.1 Generosity**

The value of generosity was the most mentioned value (30%) among the other values in the ten family owned businesses visited. Generosity was related to the values of kindness, care, compassion, and altruistic love and can be defined as the "common orientation of the self towards the other" (Peterson and Seligman, 2004).

According to the "Oxford Advanced Learners Dictionary" (2006), generosity means "willing to give somebody money, gifts, time or kindness freely" and it is usually understood as "unselfishness."

For families in business, value of generosity is fundamental in that it helps to preserve the heritage across generations. Moreover, the value of generosity can provide families in business with powerful resources to deal successfully with two of their key challenges: management and growth.

The family as a social group compels parents to care for their children, encourages family members to look after one another and makes family membership valuable in ways that both enhance and sustain family bond and well-being across generations (Amit and Liechtenstein, 2009).

This finding is in line with past research that views family-owned firms as having a "stronger belief in the goodness of man" (Ward. 2008). Generosity is certainly a key value that can be very positive for family-owned firms, in that it can foster stakeholder loyalty and commitment.

Family businesses in Ghana and in Ashanti Region in particular, place a lot of emphasis on generosity as a way of measuring the success of various family groupings. As a result, generosity is at the center of most families. Widows, Orphans, and the marginalized persons in the societies are to be taking care of by more privileged people in the same family.



As opposed to a focus on reciprocity, gain, and reputation, the value of *generosity* gives rise to helping behaviors that are based on the assumption that others are worthy of attention not for utilitarian reasons, but for their own sake (Peterson and Seligman, 2004).

#### **4.2 Applying the Value of Generosity in Family Business**

Generosity toward others plays a significant role in fostering and transmitting the values of generosity to the up and coming generations of family members in family businesses.

Batson (1990) found that generosity toward others is a function of the amount of empathetic emotional experience of the individual toward the person in need.

Family members in a family business see themselves as one people with common destiny and purpose, hence turns to work for a common goal, lending hands to each other, teaching the new members, sacrificing their times and other valuable assets, both tangible and intangible, resulting in higher productivity

Being generous can have several beneficial outcomes. Being generous has both tangible and intangible benefits. Research findings suggest that helping behavior (e.g. volunteerism) is associated with psychological well-being (Van Willigen, 2000; Wheeler, Gorey, and Greenblatt, 1998). Likewise, recent studies have discovered that generosity is associated with longevity (Musik, Herzog, and House. 1999), thus, supporting business management principle of 'going concern'.

Generosity is associated with job satisfaction and a sense of well-being. The impact of being generous on family business is dedication, selflessness, positive thinking.

In this sense, generosity can represent a positive and powerful purpose, beyond purely economic profit, for families in business.

#### **4.3 Creativity**

The value of creativity was the next most mentioned among the ten family firms visited. "Collins English Dictionary" (2003) "creativity" means "'having the ability to create." and it is related to being "imaginative or inventive. Creativity is a behavioral value, and within the group of behavioral values, it can be viewed as a skill.





The value of creativity in family-owned firms symbolizes the entrepreneurial and creative spirit of the founding fathers of family business, Often characterized by high levels of perseverance, strong desire to try new things, tolerance of ambiguity, intuitive decision-making and strong will or vision (Miller, 1986).

In recent times, the survival of most businesses largely depends on creativity and innovativeness that is ability to transform and existing product and service into new ones Schumpeter, define innovation, as ability to develop new market, new technology, new product and above all new distribution network.

The above attributes were clearly manifested in all the ten family firms visited. At Angel group of companies, a renowned family business in Ghana revealed that, the business is doing well, and has survived in a very keen competitive market all because of creativities and innovativeness.

Their ability to attract die best creative talents, to empower them to create leading-edge designs and to transfer these skills to the young and upcoming members of the family ensures the continuity of the family business.

From the above examples, it is evidently clear that the value of creativity and innovativeness plays a significant role in the running and growth of family ventures.

#### **4.4 Applying the Value of Creativity in Family Business**

Creativity has been associated with the facilitation of goals and perseverance (Sausone and Smith. 2000). Research in this area has found that creativity is best nurtured in homes that provide opportunities for intellectual, cultural and aesthetic stimulation. Parents of creative children tend to favor rearing strategies that encourage their offspring to develop independent interests (Peterson and Seligman. 2004)

In most families in Ghana, creativity as a value and a skill is passed on from generation to generation, children learn from imitating adults thereby adding principles of innovativeness.

Applied to die family business context, this would mean that it is important for younger generations to get to know die business well in order to make creative contributions to the



business. This put a huge responsibility on adults to play the mentoring role very well so as to inculcate this all important values in them for smooth running of family business.

#### **4.5 Entrepreneurship**

The entrepreneur has been defined differently from other perspectives.

1. To an economist, an entrepreneur is one who brings resources, labour, materials and other assets into combination that make their value greater than before, and also one who introduces changes, innovations and a new order.
2. To a psychologist, the entrepreneur is the person who is driven by certain forces, that is the need to obtain or attain something, to experiment, to accomplish or perhaps to escape the authority of others.
3. To businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman the same entrepreneur may be ally, a source of supply, a customer or someone who creates wealth for others as well as finds better ways to utilize resources, reduce waste, and produce jobs others are glad to get.

Although each of these definitions views entrepreneurs from a slightly different perspective, they contain similar notions, such as newness, organizing, creating, wealth and risk taking. Yet each definition is somewhat restrictive, since entrepreneurs are found in all professions, such as education, medicine, research, law, architecture, engineering, social work, distribution etc.

#### **4.6 Applying the Value of Entrepreneurship in Family Business**

Entrepreneurial activities increase the distinctiveness of the family firms' products and therefore enhance their profitability and growth (Zahra, 2003). Thus, it is important that family firms are able to innovate and aggressively pursue entrepreneurial activities.

Founders of family firms, who desire to build a lasting legacy, may become more conservative in their decisions because of the high risk of failure of entrepreneurial ventures.

The organizational culture has several dimensions that can have a significant impact on entrepreneurship behavior in family businesses: a balance between encouraging individual initiative and promoting group collaboration, external-focused culture, decentralization of control and long-term cultural orientation (Zahra. Hayton, and Salvato. 2004).



Families in business should identify these dimensions and establish mechanisms and structures that give family members and non-family employees the opportunity to contribute to entrepreneurial activities, while coordinating the entrepreneurial efforts of the entire business group. More specifically, regarding the balance between encouraging individual and group initiative, the opposing forces of rewarding individual excellence and group cooperation should be well balanced for fostering entrepreneurial activities. Likewise, families in business should promote an externally focused culture that dedicates resources to obtaining information from their external environment.

An orientation toward the decentralization of control and coordination is also important for promoting entrepreneurship. This cultural orientation encourages individual initiative and autonomy and offer's employees real responsibilities. When offered challenging, important roles, employees will view their jobs as more meaningful. This type of culture requires highly entrepreneurial executive teams, in which autonomy and coordination, through mutual arrangement, are regarded as valid.

Finally, a long-term orientation strategy is also positively associated with entrepreneurial behavior. In this sense, thinking in generations will enable families in business to develop entrepreneurial projects that aim to create long-term value: these projects may have low immediate potential payback, but they are important for developing new businesses in the interest of succeeding generations.

## **5.0 DISCUSSION**

From the research conducted, it was clear that the three most mentioned values, such as generosity, creativity and entrepreneurship form the bed-rock of family business management and growth, hence major attentions should be devoted to them.

There should also be a clear distinction between family business and family activities, while bridging the thin line between family values and that of family business.

It was also observed that family values create stronger corporate cultures in family-owned businesses: however, they also bring some challenges (e.g., too much orientation toward people may lead to unprofessional practices). In this sense, families in business must find a



balance between those values that are directed toward business success, and those that are directed toward the family well-being.

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