Spotlight
by CeFEO

Can religious beliefs and cultural norms decide the fate of your family business?

How do religion and tradition shape entrepreneurial legacies in family businesses?

NONYELUM LINA EZE · MATTIAS NORDQVIST · GEORGES SAMARA · MARIA JOSÉ PARADA

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Across the world, family businesses are praised for their resilience, long-term thinking, and intergenerational commitment. But beneath these strengths lies a complex interplay of cultural, social, and familial dynamics that can significantly impact the ability of these businesses to sustain entrepreneurship over time.

This article delves into one of the most underexplored factors in transgenerational entrepreneurship: the role of religion and tradition. Based on a comprehensive qualitative study in Nigeria—a country of vast cultural and religious diversity—the research provides powerful insights into how family structures, mindsets, and internal dynamics are shaped by deeply rooted belief systems. These, in turn, directly affect how businesses innovate, make decisions, and prepare for the future.

WHAT WE STUDIED

To explore how contextual cultural factors shape the entrepreneurial continuity of family firms, the researchers conducted an in-depth qualitative study in Nigeria, where Islam and Christianity coexist alongside distinct regional traditions.

Methodology at a Glance:

- **30 interviews** with family and nonfamily executives
- **18 multigenerational family businesses** from three subregions: East (Christian), West (mixed), North (Muslim)
- **Wide variety of industries** including manufacturing, agriculture, real estate, and services
- **Duration**: Fieldwork conducted over 18 months (2017–2018)

This approach allowed the researchers to compare how variations in religion and tradition influence family dynamics and, consequently, business practices that are essential for maintaining entrepreneurial vitality across generations.

KEY INSIGHTS

1. Family Structure: Simple vs. Complex

- **Christian (East and West)**: Tend toward **monogamous** marriages and **smaller families**, creating tighter cohesion and clearer communication.
- **Muslim (North)**: Often practice **polygamy**, resulting in **larger, more fragmented families** with subunits that may compete for resources and influence.

These structural differences impact not only family harmony but also business unity, trust, and conflict management—key elements in maintaining a long-term entrepreneurial vision.

2. The Role of the Wife: Marginal or Central?

- In **Christian families**, wives often play **active, strategic roles**—as co-founders, managing directors, or advisors.
- In **Muslim families**, particularly in the North, wives are more often restricted to domestic roles due to traditional interpretations of Islamic norms.

Where wives are seen as equals and contributors, businesses benefit from their skills, emotional intelligence, and bridging roles between generations.

3. Transmitting Values: Unity vs. Division

- In **monogamous families**, shared upbringing and consistent parental involvement result in **common values** that support joint decision-making.
- In **polygamous families**, children raised by different mothers often develop **plural or conflicting values**, weakening cohesion and long-term planning.

This difference has serious implications for governance, succession, and trust-building.

4. Risk Orientation and Entrepreneurial Drive

- **Eastern Christians** are often **more risk-tolerant**, driven by cultural expectations and post-war survival mentality.
- **Westerners** (both Christian and Muslim) are **moderately risk-taking**, emphasizing calculated moves and formal planning.
- **Northern Muslims** are generally **risk-averse**, influenced by religious doctrines (e.g., avoidance of interest-based loans) and a focus on stability for large families.

Risk orientation affects everything from diversification to market expansion and innovation capacity.

5. Succession Models: Primogeniture, Coparcenary, or Fragmentation

- In the **East**, **primogeniture** ensures leadership clarity and resource consolidation but may exclude daughters.
- In the **West**, **coparcenary** allows joint inheritance, with some flexibility based on capability and interest.
- In the **North**, **Islamic Sharia inheritance laws** mandate equal asset division, often leading to **fragmentation** and **business collapse** after the founder's death.

These models profoundly influence whether a business survives the founder's exit.

TAKEAWAYS

1. Cultural Norms Shape Entrepreneurial Continuity

Religious beliefs and traditional expectations don't just shape family life—they shape the structure, goals, and adaptability of the business itself. Entrepreneurs must recognize these forces and decide whether to reinforce or rethink them.

2. Female Inclusion Matters

Where wives and daughters are empowered to contribute, businesses gain valuable perspectives and resources. Their involvement often enhances cohesion, nurtures values, and improves succession outcomes.

3. Clear Succession Planning is Critical

Ambiguity in succession, especially in polygamous or large families, can lead to business disintegration. Defined processes, aligned with both cultural expectations and business needs, are vital for continuity.

4. Encourage Entrepreneurial Mindsets Early

Values, ambition, and entrepreneurial legacy are best cultivated from a young age. Families should engage the next generation in the business early and purposefully, regardless of gender.

5. Be Aware of Structural Constraints

Family size, religiously driven financial practices (e.g., avoiding bank loans), or inheritance laws may limit growth unless mitigated with strategic planning or education.

IMPACT

This study contributes to a more nuanced understanding of transgenerational entrepreneurship by shifting focus from Western-centric models to **context-specific dynamics**. It encourages scholars, advisors, and policymakers to go beyond the binary of "family vs. business" and examine how **cultural and religious systems** fundamentally alter how family businesses are built and sustained.

It also lays the groundwork for a more inclusive and global family business research agenda—one that acknowledges the diversity of paths to long-term success.

RECOMMENDATIONS

For Family Business Owners:

- Reassess inherited norms—are they enabling or constraining your business?
- Include qualified women in leadership and succession planning.
- Document and discuss succession openly to avoid post-transition fragmentation.

For Advisors and Educators:

- Tailor support to local contexts. Don't assume Western governance models apply everywhere.
- Help families identify how tradition and religion intersect with business goals—and how to navigate them.

For Policymakers:

- Design regionally sensitive programs for entrepreneurship and family business support.
- Promote gender-inclusive policies and education access, especially in contexts where religious

norms restrict women's participation.

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CEFEO AUTHORS



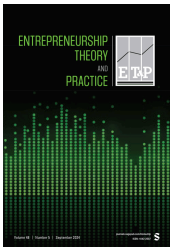
Mattias Nordqvist

Professor

Jönköping International Business School

mattias.nordqvist@ju.se

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