FAMILY INVOLVEMENT AND PERFORMANCE OF FAMILY-OWNED RESTAURANTS IN ABUJA

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Abstract

The relationship between family involvement and family business performance in the global north is well established in extant literature. Due to the collectivism and care syndrome associated with the nuclear and extended family systems, the same cannot be said of Nigeria and Abuja in particular. Moreover, differences in individual characteristics is another factor that can affect family members level of involvement in their family business. Taken together, the focus of this study is to investigate the contributions of the father, mother, children and extended family member’s involvement to the financial and non-financial performance of family-owned restaurants in Abuja. Cross sectional research design, criterion sampling technique and census method were adopted for the study. The generated data via questionnaire from the restaurant founders were analysed using multiple regression. It was found that the effects of the father, mother, children and extended family member’s involvement on the financial and non-financial performance are positive and significant. Hence, we conclude that family-owned restaurants that involve the father, mother, children and extended family members achieve better improved financial and non-financial performance. Owing to the importance of generalising the findings, the generation of data from restauranteurs of different cultural affiliations in other parts of Nigeria and the world is suggested for further studies.

Keywords: Family involvement, Family business, Business performance, Financial performance, Non-financial performance, Family-owned restaurants

Introduction

Resources for entrepreneurship development can be accessed and utilised through entrepreneurial networks. Since entrepreneurship is a gendered phenomenon that is rooted in families, family network can facilitate the formation and performance of family-owned businesses through the involvement of family members. Family-owned businesses are the most dominant type of business in the world. Based on the resource-based view, the family members can serve as resources and as constraints to this type of businesses (Agbim & Igwe, 2019; Azizi, Bidgoli, Maley, & Dabic, 2022; Yadav & Unni, 2016). Family members are influenced to get involved in family business through the interactions among the members that are initiated by the founder. Further, the members can get involved in the business based on the altruistic behaviour and commitment of the founder (Azizi et al., 2022; Chang, Memili, Chrisman, Kellermanns, & Chua, 2009; Salvato & Melin, 2008; Sherif, Hoffman, & Thomas, 2006). The involvement of the family members in the business depicts commitment to the business. It reduces the responsibilities of and pressures on the founder, and help the female managers to balance work and family responsibilities. In addition, it helps female founders to perform better than male founders. The involvement of family members in the ownership, management, governance and control of their business can result to improved performance (Cruz, Justo, & De Castro, 2014; Taras, Memeli, Wang, & Harms, 2018).
Restaurant businesses are known for their low survival rate. The high failure rate has been attributed to the founder’s inability to succeed in the business. This is owing to high employee turnover rate, poor performance and lack of operational and survival strategies (Matson, 2021). Despite these drawbacks, restaurants still generate revenue, profit, economic value for its owners and contribute to the economies of nations. The unprecedented growth in restaurant business is increasingly leading to the anticipation of rising demand for workers. Since restaurant businesses are generally family-owned, there is the increasing need to involve the traditional workers; who are the family members of the owners (Moussa & Elgiziry, 2019). A distinctive firm-level bundle of resources and capabilities that is known as familiness is created when the involved family members interact with the restaurant (Ensley & Pearson, 2005; Habbershon, Williams, & MacMillan, 2003). These resources comprise the operational strategies that are needed to sustain the restaurant business (Matson, 2021). Restaurants are firms that serve meals prepared outside the home. They are highly patronised food service providers all over the world. People eat out in restaurants because it is their lifestyle, while others do so, owing to the hectic nature of their job (Akunne & Adeniji, 2021).

Studies on the effect of family involvement on financial performance have largely been situated in developed countries (Moussa & Elgiziry, 2019; Zattoni, Gnan, & Huse, 2015) with mixed results (Bake, Cho, & Fazio, 2016; Jiang & Peng, 2011; Purag, Abdullah, & Bujang, 2016; Zattoni et al., 2015). As such, the relationship between family involvement and family business performance is well-established and clear for developed countries and unclear for emerging and underdeveloped countries (Carney, Van Essen, Gedajlovic, & Heugens, 2013; Gedajlovic, Carney, Chrisman, & Kellermanns, 2012; Luo & Chung, 2012). These studies have employed founders, family members, family employees or ownership, management, governance and control as dimensions of family involvement (Bake et al., 2016; Gill & Kaur, 2015; Matson, 2021; Sener, 2014; Yildirim-Oktém, 2018). However, the studies were conducted without recourse to the fact that the founder or family member can be the father, mother, any of the children or an extended family member. Based on the diversities in the characteristics of individual family members, family business, financial performance, non-financial performance and African family system literature (e.g., Aderonke, 2014; Agbim, Oriarewo, & Zever, 2014; Moussa & Elgiziry, 2019; Yildirim-Oktém, 2018), we argue that fathers, mothers, children and extended family members may influence the financial and non-financial performance of their family businesses. This can be achieved through the involvement of the members in their family businesses.

Further, family businesses can be co-managed by husband and wife. Such businesses have been described to perform better than those that are headed by not-married business partners (Belenzon & Zarutskie, 2012; McDonald, Marshall, & Delgado, 2017). Dyer, Dyer and Gardner (2012) aver that the practice of spouses working together in the same firm which is known as copreneurship has the potentials to affect the firm’s profit. Cruz et al. (2014) argues that in relation to men, women utilise family resources better to improve the well-being of the members of their family and the performance of their family business. Cruz et al. also argue that women and female family employees are more committed to their family business performance. As such, men’s traditional role has been described as business activities, while that of women comprise domestic and childcare responsibilities and business activities. Despite not having a formal business role, the contribution of women and/or wives to their families and family businesses include unpaid labour, household management and parental responsibilities (Owens, Scott, & Blenkinsopp, 2013).
Whether a child will get involved in his/her family’s business is dependent on choice of career and family background. The career choice of such child can affect the child’s involvement in the business, and the family business’s present and future performance. However, nuclear and extended family members can be involved in a family business (Aderonke, 2014; Agbim & Oyekan, 2021a; Yildirim-Öktem, 2018). The “care syndrome” which is a characteristic of the extended family system encourages dependency among the members for help and involvement in family business (Aderonke, 2014). Moussa and Elgiziry (2019) aver that the extent of involvement of family members in their family business influences the relationships between the founder and the family members, and the financial and non-financial performance of the business (Agbim, 2019; Cruz et al., 2014; Sener, 2014).

The status of Abuja as the capital of Nigeria; with the three tiers of government, has made it a city that is dotted with government ministries and agencies, embassies, and local and foreign firms. The nature of the jobs in these agencies and firms have made the city to be characterised by increasing number of indigenous and foreign staff. In addition, the hallmarks of these staff include diverse eating lifestyles and changing tastes and preferences for food and drinks. Hence, restauranteurs and family-owned restaurants of different sizes providing various local and exotic foods and drinks abound in the city. However, with the increasing number of new restauranteurs and restaurants, there is conversely increase in the failure rate of existing restaurants. The rate of failure has been associated with mismanagement on the part of the non-family employees, founder’s spouses, founder’s children and the extended family members. This study therefore, seeks to investigate the effects of involving the father, mother, the children and extended family members on the financial and non-financial performance of family-owned restaurants in Abuja.

**Literature Review**

**Family involvement**

A family is a group of people who live together in a defined geographical location. Individuals become members by birth, marriage or adoption, and can be grouped into nuclear or extended family (Agbim, 2018). Families establish family businesses to create opportunities for their children, perpetuate family inheritance, hold the family together, and to give the family financial independence and inheritance (Ayranci, 2010). Involvement of the family in the business can be via ownership, management, governance and control (Matson, 2021; Yildirim-Öktem, 2018; Zhu, 2021). Family involvement in business is the participation of family members in the formation or buying, day-to-day running and succession of their family business. Thus, family involvement in business can be assessed on the basis of ownership, management, governance and control. Another approach for analysing family involvement which is the focus of this study is based on the participation of the founder and the family members. Specifically, involving the founder and family members connote involving the father, mother, children and extended family members.

**Family-owned restaurants**

A restaurant is a place where food and drinks are served. Restaurant businesses are today considered to constitute a separate industry from the hospitality and tourism industry. This is due to their labour-intensive nature, career creating opportunities, and their potentials for employment generation. Restaurant businesses are characterised by high level of competition, high-risk, high rates of failure, diverse challenges and high demands (Dhiman & Marques, 2011). Therefore, family-owned restaurant businesses are places away from home where...
people pay to be served foods and drinks which are owned, managed and/or controlled by members of a family.

**Business performance**

Business performance represent a firm’s ability to utilise the available resources in the achievement of its business goals (Alagaraja & Shuck, 2015; Kazimoto, 2016). Business performance has been broadly categorized into financial performance and non-financial performance (Meunier, Krylova, & Ramalho, 2017). Previously and traditionally, business performance was solely computed on the basis of financial performance (Kotane & Kuzmina-Merlino, 2011). Financial performance is referred to as the measure of a firm’s policies and operations on the basis of financial indicators. The commonly employed financial indicators include profitability, return on investment and value added (Agbim, 2019). However, in family business research, the use of financial and non-financial indicators in the computation of performance is preferred to the use of only financial indicators. This is due to the incompleteness of financial indicators in depicting the overall performance of a firm (Merril, Latham, Santalesa, & Navetta, 2011). Moreover, financial indicators measure the past performance, while the non-financial indicators measure the present and future performance of a firm. Family businesses are basically established because of its non-financial benefits to family members. Therefore, non-financial performance is the measure of a firm’s policies and operations based on non-financial indicators. Examples of non-financial indicators are customer satisfaction, workers’ commitment, embeddedness and productivity, and the reputation, sustainability and survivability of the firm (Agbim, 2019). The financial and non-financial performance of family-owned restaurants can be influenced by the involvement of family members in the business (Moussa & Elgiziry, 2019; Sener, 2014).

**Underpinning theories**

The underpinning theories of this study are the Resource-Based View (RBV), Stewardship Theory (ST) and the Balanced Scorecard Theory (BST). The RBV was theorised by Edith Penrose in 1959. The RBV holds that business owners can gain competitive advantages by utilising the internal resources of their firm. For a family business, these resources include the family members; who themselves are sources of family financial, human and physical capital. Thus, family businesses can achieve improved performance by involving family members in the activities of the business (Barney, 1991; Ferreira, Azevedo, & Ortiz, 2011; Shafi, 2020; Wernerfelt, 1984). The ST was originated by Lex Donaldson and James Davis in 1989. The ST posit that the leaders and executives of a business are the stewards of the business owners who perform their tasks in accordance with the directives of the business owner (Madison et al., 2015). This stewardship behaviour (Chen, Liu, Yang, & Chen, 2016; Neckebrouck, Schulze, & Zellweger, 2018) depicts the involvement of the nuclear and extended family members as resources that can foster mutual trust, intra-familial concern, devotion to others and collectivist culture among the members. Further, the ST can influence the members to put up altruistic behaviours that will consequently result to improved business performance. The BST was propounded by Kaplan and Norton in 1992. The BST advocates the use of financial and non-financial indicators in the measurement of business performance. Thus, the BST can be employed to show how family members’ involvement influences the financial and non-financial performance of family businesses (Azizi et al., 2017; Casprini, Dabic, Kotlar, & Pucci, 2020; Marler, Vardaman, & Allen, 2021).
Hypotheses development

Family business founders are often more innovative and emotionally attached to their businesses than descendant managers (Ellouze & Mnasri, 2019). A family business founder can be a male or a female. The founder can as well be the father or mother. Male founders have more work responsibilities and less family responsibilities. Hence, the male founders are committed to the performance of family businesses. The females have less work responsibility and higher family responsibilities. Consequently, male and female entrepreneurs prioritise their work and family responsibilities differently. However, women utilise family resources better than the men to improve the well-being of their family members. Thus, women and female founders are more committed to the performance of family businesses (Cruz et al., 2014). Cruz et al. further argues that the involvement of family members (i.e., spouse, children and extended family member) in family businesses helps female founders to balance work and family responsibilities and to achieve improved performance better than male headed firms.

Children should be involved in their family business at an early age. This is to allow the children a time long enough to acquire deep tacit knowledge about the business and to be emotionally attached to it. This learning takes place during dinner, school holidays and by participating in the running of the business (Miller et al., 2011). Davis, Allen, and Hayes (2010) aver that the skills, knowledge and capabilities that family and non-family employees offer to the business enhances parent-child relationships provided the children get involved at an early age. Consequently, different aspects of the business financial performance are influenced based on the extent of the family members’ involvement (Vandemaele & Vancauteren, 2015; Zhu, 2021). Sener (2014) affirms that the relationship between family involvement and the performance of family business is positive. Gill and Kaur (2015) empirically established that the effect of the founder/CEO on firm performance is positive. Zattoni et al. (2015) found that family involvement in family business influences family members’ knowledge and skills in the business, and the financial performance of the business.

The foregoing has evidently shown that previous researchers seem not to have employed involvement of fathers, mothers, children and extended family members as dimensions of family involvement in business. Further, related studies that have employed financial and non-financial performance as dimensions of performance are somewhat none existent. Thus, we argue that in family business, the contribution of family members (i.e., father, mother, children and extended family members) who are involved in the business vary based on differences in individual characteristics. Moreover, financial performance and non-financial performance are complementary in family business. Accordingly, we propose the following hypotheses:

\( H_01: \) Fathers, mothers, children and extended family members’ involvement has no significant effect on the financial performance of family-owned restaurants in Abuja

\( H_02: \) Fathers, mothers, children and extended family members’ involvement has no significant effect on the non-financial performance of family-owned restaurants in Abuja

Methodology

This study adopts cross sectional research design, criterion sampling technique and census method, to investigate the family-owned restaurants in all the area councils in Abuja that are registered with the Federal Capital Territory Administration (FCTA). To give all the family-owned restaurants equal chance of being included in the study, criterion sampling technique was employed. The family-owned restaurants were selected from the list of the registered...
restaurants based on the following criteria: (i) the founder or restauranteur is the father, mother or a son/daughter born into the family; (ii) the restaurant must have been in existence for onward of five years. A period long enough for it to have attained maturity; (iii) the father, mother, child(ren) and extended family member(s) are involved in the business. The level of involvement could be in ownership, management, governance, control and/or succession; and (iv) the operations of the restaurant must have been formalised/professionalised. At the end of the screening, 84 restauranteurs or business founders were identified as the respondents of the study. Owing to the finite population, census method was employed for the study. The measures of father, mother, children and extended family member involvement, financial performance, and non-financial performance were adapted from Agbim (2019), Cruz et al. (2014), Gill and Kaur (2015), Moussa and Elgiziry (2019), Taras et al. (2018), Yildirim-Öktem (2018), and Zattoni et al. (2015).

The measurement scales were assessed on a Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree). The content and construct validity of the research instrument were confirmed by three senior lecturers in the Department of Entrepreneurial Studies, Veritas University, Abuja. The reliability of the instrument was confirmed by the overall Cronbach’s alpha value of .786. The study data were generated via questionnaire and subjected to multiple regression analysis at 5% level of significance. The null hypothesis is rejected if the p-value is less than 5%, otherwise it is not rejected. To avoid rejecting a good predictor or testing for the importance of the independent variables (Hair, Black, Babin, Anderson, and Tatham, 2010), multicollinearity was assessed using variance inflation factor (VIF) and Tolerance (reciprocal of the VIF) as indicators. The adopted threshold is VIF value of 10 and Tolerance value of .10 as recommended by Sekaran and Bougie (2013). The results of the multicollinearity test in Table I shows that the VIF values are below 10 and the Tolerance values are above 0.10. Thus, the dimensions of family involvement are free from multicollinearity problem.

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>Tolerance</th>
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<tbody>
<tr>
<td>Father’s Involvement</td>
<td>1.532</td>
<td>.720</td>
</tr>
<tr>
<td>Mother’s Involvement</td>
<td>1.401</td>
<td>.662</td>
</tr>
<tr>
<td>Children’s Involvement</td>
<td>1.213</td>
<td>.681</td>
</tr>
<tr>
<td>Extended Family Member’s Involvement</td>
<td>1.410</td>
<td>.682</td>
</tr>
</tbody>
</table>

Source: SPSS (Version 21.0 for Windows) Output, 2022

Results and Discussion
Seventy-nine (79) of the 84 copies of the questionnaire that were administered, were retrieved. Of the 79 copies that were retrieved, only 75 were useable. Further, restaurants that are founded by fathers and mothers are 38.7% (29) and 60.3% (46) respectively. By age, 16.0% (12) of the respondents are less than 40 years old, 52.0 % (39) are between 40 and 45 years old, while 32.0 % (24) are over 45 years old. By highest educational qualification, 13.3% (10), 60.0% (45) and 26.7% (20) respectively have diploma, first degree and postgraduate degree respectively.

The regression model statistics on the effects of FIT, MIT, CIT, EMI on FP is presented in Table 2. The relationship between FIT, MIT, CIT and EMI on one hand and FP as shown in Table 2 is strong (R = .668). The adj. R² reveals that FIT, MIT, CIT and EMI explained 44.6%
(Adj. R² = .446) of the total variation in FP. Also, Table 2 shows that the relationships between FIT and FP (β = .379, t = 2.672, P < .05), MIT and FP (β = .362, t = 1.951, P < .05), CIT and FP (β = .287, t = 1.663, P < .05), and EMI and FP (β = .199, t = 1.350, P < .05) are significant and positive. We therefore reject H₀₁. This shows that for each unit increase in FIT, MIT, CIT and EMI, the financial performance of the family-owned restaurants increases by .379, 362, .287 and .199 units respectively.

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>7.340</td>
<td>1.052</td>
</tr>
<tr>
<td>FIT</td>
<td>3.872</td>
<td>.169</td>
</tr>
<tr>
<td>MIT</td>
<td>3.021</td>
<td>.097</td>
</tr>
<tr>
<td>CIT</td>
<td>4.634</td>
<td>.055</td>
</tr>
<tr>
<td>EMI</td>
<td>2.975</td>
<td>1.741</td>
</tr>
</tbody>
</table>

R = .668, R² = .446, Adj. R² = .446

Dependent Variable: FP

Note: FIT = Father’s Involvement; MIT = Mother’s Involvement; CIT = Children’s Involvement; EMI = Extended Family Member’s Involvement; FP = Financial Performance

Source: SPSS (Version 21.0 for Windows) Output, 2022

Table 3 depicts the regression model statistics of the effects of FIT, MIT, CIT, EMI on NFP. The relationship between FIT, MIT, CIT and EMI on one hand and NFP as shown in Table 3 is strong (R = .697). The FIT, MIT, CIT and EMI explained 48.6% of the total variation in NFP as indicated by the Adj. R² (.486). Further, as specifically revealed by Table 3, the relationships between FIT and NFP (β = 4.279, t = 4.426, P < .05), MIT and NFP (β = 3.162, t = 4.025, P < .05), CIT and NFP (β = 3.187, t = 3.311, P < .05), and EMI and NFP (β = .912, t = .488, P < .05) are positive and significant. We therefore reject H₀₂. This shows that for each unit increase in FIT, MIT, CIT and EMI, the non-financial performance of the family-owned restaurants increases by 4.279, 3.162, 3.187 and .912 units respectively.

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>9.150</td>
<td>.752</td>
</tr>
<tr>
<td>FIT</td>
<td>6.036</td>
<td>.402</td>
</tr>
<tr>
<td>MIT</td>
<td>4.514</td>
<td>.249</td>
</tr>
<tr>
<td>CIT</td>
<td>7.048</td>
<td>.311</td>
</tr>
<tr>
<td>EMI</td>
<td>3.416</td>
<td>.826</td>
</tr>
</tbody>
</table>

R = .697, R² = .486, Adj. R² = .486

Dependent Variable: NFP

Note: FIT = Father’s Involvement; MIT = Mother’s Involvement; CIT = Children’s Involvement; EMI = Extended Family Member’s Involvement; NFP = Non-Financial Performance

Source: SPSS (Version 21.0 for Windows) Output, 2022
This study investigated the effect of family involvement on the financial and non-financial performance of family-owned restaurants in Abuja. The dimensions of family involvement employed in the study are father, mother, children and extended family member’s involvement. The results showed that the effects of the father, mother, children and extended family member’s involvement on the financial performance and non-financial performance are positive and significant. These results are not related to the findings of Dyer et al. (2012) who found that the switch of the leadership of a business from non-copreneurial to copreneurial have no effect on profit. However, the current results are somewhat in line with McDonald et al.’s (2017) findings that copreneurial businesses with high relationship satisfaction achieve higher profits. The variation and similarity in results can be attributed to differences in study location and culture. The collaboration and togetherness among family members in Nigeria is associated with the collectivism and “care syndrome” characteristics of the Nigerian culture, and the nuclear and extended family systems (Aderonke, 2014). In addition, one of the reasons for establishing family businesses is the inherent non-financial benefits that accrue to the family members. Family members (i.e., father, mother, children and extended family member) get involved to ensure the survivability and sustainability of such businesses based on socioemotional wealth considerations (Agbim, 2019; Agbim & Oyekan, 2021b).

The father and mother who are family business owner-managers guide their children and extended family members in the choice of career, while the children and the extended family members in turn assist them by being involved in the business. Azim, Shah, Mehmood, Mehmood, and Bagram (2014) assert that service provision in restaurant business require full time involvement. This is owing to its potential to reduce the cost of operations and enhance business financial and non-financial performance. When family members (i.e., father, mother, children and extended family members) are involved in their family business, they tend to share the same model of the founder’s self-employment in the long run (Gill & Kaur, 2015). The changing preferences of people for foods and drinks is causing unprecedented changes in the activities of restauranteurs (Azim et al., 2014). In addition, there are little or no barriers to entry and exit from the restaurant industry. However, the inability of restauranteurs to harness the inherent benefits in the changing customer preferences and the unsaturated market in the restaurant industry has been linked to financial constraint and the lack of capacity on the part of restauranteurs to grow their restaurants to maturity. Nevertheless, research has shown that these challenges can be surmounted through family involvement (Azim et al., 2014; Zhu, 2021).

Hence, this study makes a number of contributions to the family involvement and family business performance literature. First, the results extend previous knowledge on family involvement and family business performance by establishing the fact that based on differences in individual characteristics, the family members have various expertise to bring to the business via the roles they play in the business. Second, the results depict that family members’ involvement adds to both the financial and non-financial performance of the business. Further, the study has implications for theory and practice. The results have shown that family-owned restaurant businesses can achieve improved financial and non-financial performance by involving the father, mother, children and extended family members in the ownership, management and/or control of the business. Again, the results challenge the idea of leaving the management and control of family-owned restaurants in the hands of only the extended family
members and the non-family employees. This practice gives room for mismanagement and other negative activities that can threaten the sustainability and survivability of the business.

Conclusion
The researchers conclude that family-owned restaurants that involve the father, mother, children and extended family members achieve better improved financial and non-financial performance. As such, family business researchers conducting future studies can investigate the characteristics of family members (such as age, experience, gender, level of education) that can enhance the financial and non-financial performance of family-owned restaurants. In addition, further studies can be conducted using other research methods such as interview and triangulation. Owing to the importance of generalising the findings of these study, we advocate the generation of data from restauranteurs of different cultural affiliations in other parts of Nigeria and the world.

References


