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Arab Middle East family firm succession**

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The final, published version in the Journal of Family Business Management, 14 (5), pp. 1018-1025, 2024 is available at:

<https://doi.org/https://doi.org/10.1108/JFBM-10-2023-0251>

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Intersecting Bonds: A Perspective on Polygamy's Influence in Arab Middle East Family Firm Succession

Abstract

Purpose: To explore and elucidate the influence of polygamy on the succession dynamics of family businesses in the Arab world, offering insights that may be underrepresented or overlooked in traditional Western focused literature.

Design/methodology/approach: This article adopts a perspective-based approach, focusing on delving into the amalgamation of polygamous family structures and their implications on the operation and continuation of family-run businesses.

Findings: Polygamy, while often primarily perceived as a cultural or religious tradition, wields substantial influence over various business facets. Notably, its presence can significantly shape business continuity, the methodologies behind succession planning, and the overarching framework of corporate governance within Arab family businesses.

Originality: This article offers a unique Middle Eastern lens, highlighting the underexplored intersection of polygamy and business succession. It strives to bridge the knowledge gap by addressing topics potentially side-lined in mainstream Western business research.

Keywords: family business, polygamy, succession, perspective, Arab world, Middle East, emerging market.

Introduction

Family businesses are a key area in entrepreneurship and management research. Integrating family and business is challenging; family dynamics often mirror business hierarchies, particularly during succession (Wasim and Almeida, 2022; Wasim et al., 2020). Succession is vital for continuity and prosperity, yet it raises complex issues in planning, decision-making, and execution (Sreih et al., 2019; Samara, 2021; Yu et al., 2012). Effective succession planning is crucial to avoid intra-family conflicts, especially in collectivist cultures with institutional voids like the Arab Middle East (Haj Youssef and Christodoulou, 2018; Fahed-Sreih et al., 2010; Rice et al., 2023). Successful management of familial conflict is necessary to enhance satisfaction and reduce the inclination to seek divorce (El Kassem, 2023), which would change the structure of the succession especially in a polygamous structure. These regions have a history of family businesses as a means of wealth creation, legacy preservation, and economic stability due to strong family ties and informal relationships (Habbershon and Pistrui, 2002). The prevalence of family businesses in the Arab Middle East results from weak institutional frameworks, reliance on trust and informal relationships (Khanna and Palepu, 2000; Shah, 2012), and limited alternatives or access to external capital (Sharma and Paul, 2015). However, the intricacies of intra-family succession, particularly in polygamous families, remain underexplored (Bizri, 2016). In the Arab Middle East's monogamous tradition, typically the eldest male child is designated as the successor (Samara, 2021). This dynamic becomes more complex in polygamous families. Critical questions arise: Does birth order remain a key factor in selecting a successor (Alavi and Shaikhullin, 2015), or does each sub-family's eldest child take precedence? The impact of these decisions on younger children and their roles in the family business is another area of concern. Polygamous families have shown a heightened failure rate in businesses (Cho et al., 2018),

suggesting that household structure significantly affects succession planning. This aspect remains underrepresented in family business and succession literature.

Polygamy, legal in about 50 countries (World Population Review, 2023), often complicates family inheritance and business succession (Oury Bailo et al., 2023). Ugoani (2015) proposed a 'kitchen model' for succession in Nigerian polygamous families, suggesting that to maintain harmony, the business owner might involve all or none of the family members. This approach also considers rotating power among different family units to prevent perceived mistreatment. However, research on polygamy's impact on family business, such as studies by Oury Bailo et al. (2023), is limited and often focused on Sub-Saharan Africa. While polygamy is prevalent in this region (McCarthy, 2019), its practice in the Arab Middle East is largely neglected in academic discourse. The context in the Middle East differs significantly, with family business owners often incorporating extended family members (Gupta et al., 2010), adding complexity to succession processes. Middle Eastern family businesses, also seen to have special women only women-only departments formed within the companies, more so when a male heir is not available or not interested (Gupta et al., 2010). Mogaji (2023) argued that such gender biased environment has significant implications on the experience of women, which lead to major changes in the succession dynamics especially in a polygamous family. The scrutiny of polygamy and succession within family businesses in the Middle East and Arab realm critically exposes an intricate mix of cultural, social, and economic elements. Such examinations emphatically stress the imperative of a holistic grasp of family dynamics, gender roles, and situational considerations to adeptly tackle the multifaceted challenges and prospects intertwined with polygamy and succession in this region.

Background on family business succession and polygamy

Succession planning for family-owned businesses has been a topic of interest for researchers and practitioners alike for over a century and can be observed in the work of West (1884). The family hierarchy is often reflected in the business hierarchy, and this complexity reaches its peak when it comes to succession planning (Wasim and Almeida, 2023) and when considering a polygamous family structure, succession can be even more complication. Though polygamy is widely studied in African countries (Ugoani, 2015), its occurrence in the Arab Middle East, where it is legal in many countries, receives less attention (Al-Krenawi, 2014). The scarcity of literature on this subject is compounded by the lack of readily available data regarding the proportion of individuals in polygamous families, as indicated in Figure 1

Figure 1. Percentage of individuals living in polygamous households.

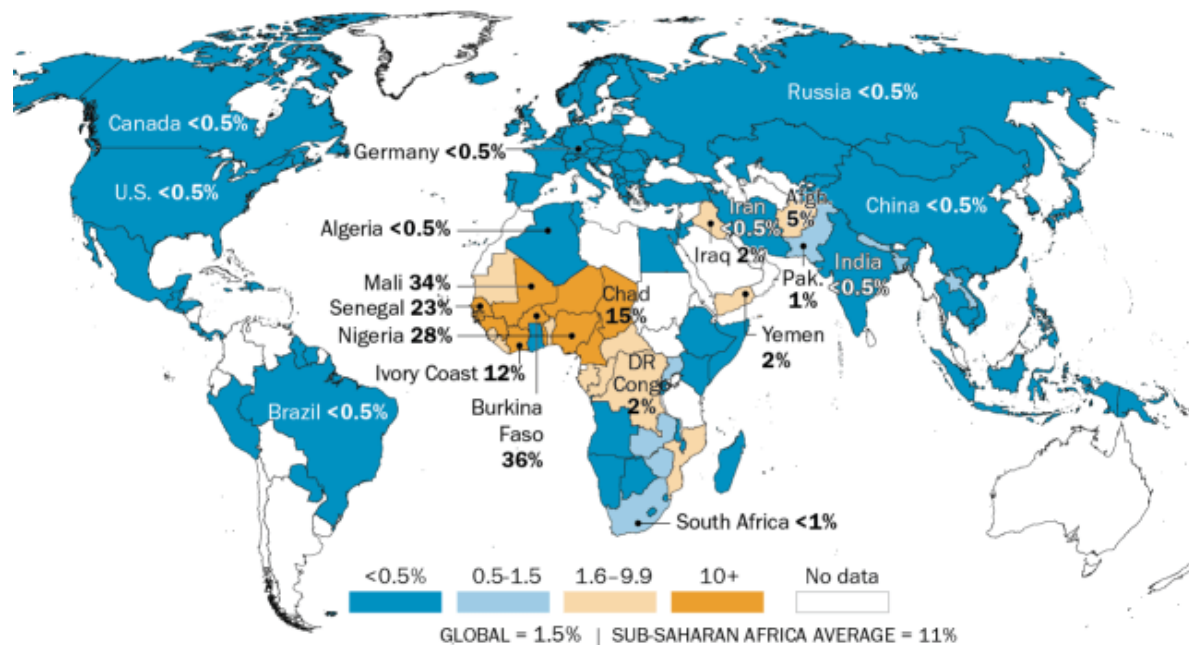


Figure courtesy of Pew Research Center analysis of 2010-2018 census and survey data.

Polygamy, a cultural phenomenon where a man marries multiple wives, is commonly misunderstood as solely religion-dependent (Kindregan 2007). However, it's important to note that in many Muslim societies, polygamy is subject to strict conditions, such as ensuring fair and equal treatment of all wives, regardless of age, character, beauty, or social status

(Rohman, 2013). Men doubting their ability to meet these conditions should not pursue polygamy. Figure 1 demonstrates that most individuals in polygamous households are not in countries governed by Sharia law. In the Arab Middle East, opinions on polygamy vary, but it is generally seen as challenging (Al-Krenawi, 2020). Criticisms include women and children's rights deprivation, financial burdens, complex household management, and emotional turmoil for all members (Al-Krenawi, 2010; Moosa et al., 2006; Tomori et al., 2013; Ugglá et al., 2018). These effects span psychological, economic, and behavioural dimensions. Equitably distributing resources in polygamous families is a significant challenge, and this extends to family businesses. Lev-Weisel and Al-Kernawi (2000) found that children from polygamous families create complex drawings depicting family structures and alliances, influenced by their mother's seniority. Children's perceptions of their father vary depending on their mother's rank, which can have implications for business succession. The potential negative impact of polygamy on family businesses is a key concern, especially regarding resource allocation and time management by the patriarch. Research by Buckman et al. (2019) and Ramírez-Pasillas, Lundberg & Nordqvist (2021) indicates that divisions in polygamous families can result in lasting adverse effects in both business and inheritance contexts. Success in polygamous family businesses is variable and often contingent on power dynamics, particularly between the husband and wives (Ugoani, 2015). Our research highlights a major challenge in family businesses, including polygamous ones: inter and intra-family disputes. Unresolved disputes can disrupt business operations and erode trust, leading to potential failure. Succession planning is critical for continuity and dispute prevention. Yet, founders' reluctance to plan for succession often complicates matters, as family members compete for control. In cases lacking a clear succession strategy, families may even dissolve the business to divide assets more easily (Buckman et al., 2019). A notable concept is Ugoani's (2015) 'Kitchen Model of Succession in Polygamous FOBs',

designed to streamline succession in polygamous households. This model envisages a polygamous family as three distinct units, each led by its first-born son, ensuring rotational power sharing. While promoting equality, it raises questions about families without sons or where younger children might be better suited for business leadership (Nwuke, Nwoye & Onoyima, 2020).

Planning Succession

Historically, family business and wealth inheritance were determined by age-old customs, often continuing until the predecessor's death rather than retirement. Traditionally, this meant the eldest son would take over, regardless of his willingness, capabilities, or the impact on other siblings (Yadav and Shankar 2017). In the modern business environment, family business succession planning has evolved significantly. It extends beyond simply handing over control; it now involves a comprehensive approach that includes considerations of business acumen and skills, crucial for smooth generational transitions (Ghee et al., 2015). This period is pivotal for any family business, as its future success and sustainability hinge on effective succession planning. Consequently, business owners often spend years preparing and planning for this critical transition. This is particularly important in a polygamous structure, where polygamous families should trigger the process of succession as early as possible and involve outside professionals early to handle the transition to avoid any squabbles at the expense of the owner/founder (Nnabuife et al., 2019).

Succession in family businesses must be handled with utmost care, as it often determines their long-term survival (Wasim and Almeida, 2022). This consensus is echoed across various studies (Schroder & Schmitt-Rodermund 2013; Sharma and Irvine, 2005; Wasim et al., 2020; Baltazar et al., 2023). The complexity increases exponentially when multiple children, potentially from different spouses, are involved as potential successors. While

traditionally the eldest son is favoured, the dynamics of having children from multiple spouses add significant complexity to the succession process, arguably making it one of the most challenging scenarios to navigate.

We do not have a lot of family business literature to examine this phenomenon. “Indeed, the inheritances of children of polygamous marriages often end in vicious legal battles.” (Al-Krenawi, 2014, p; 8). Research has also looked at favouritism as a factor during inheritance, which may result in children being treated inequitably (Kéchichian, 2008).

Post-succession effect

The impact of polygamy in family business succession extends beyond planning and pre-succession phases to post-succession arrangements. A systematic review by Al Sharif et al. (2016) on polygamy's effects revealed that children from such families are more likely to face underachievement, low self-esteem, trust issues, and poor mental health, compared to those from monogamous families. Similarly, a comprehensive review by Bahari et al. (2021) found that polygamous marriages can lead to negative psychological impacts on women and children, including increased psychosocial problems and internalizing symptoms. Alhuzail (2022) also highlighted the significant emotional challenges faced by young Arab-Bedouin women in polygamous families. Recent research has explored the connection between polygamy and family business succession. A study by Alloui et al. (2020) revealed that transgenerational succession in family businesses in the Arab region can hinder market opportunity capture and growth. This indicates that the unique challenges of polygamy could affect succession processes and the long-term viability of these businesses, impacting their overall performance. Polygamous family businesses face various challenges, including resource allocation, family disputes, and succession planning. Despite these challenges, the presence of successful polygamous family businesses suggests a complex and variable relationship between polygamy and business outcomes. The 'Kitchen Model of Succession'

provides an innovative approach to managing succession in such households. This highlights the need for more in-depth research into how family structures, particularly polygamous ones, influence business success. The Arab Middle East offers a unique setting to study polygamy in family businesses, as the region undergoes a transitional phase blending Western modernisation with a strong adherence to traditional culture and values (Haj Youssef and Teng, 2021). This juxtaposition renders the future of polygamy in this context particularly uncertain (Al-Kernawi, 2020). Consequently, the intersection of polygamy and succession in family businesses presents a fascinating area for research, particularly in regions where both are deeply embedded in society. Investigating this topic further could yield valuable insights into the operation of family businesses and the specific challenges and benefits that polygamous family structures bring to these enterprises. **Conclusion**

We delved into the intricate realm of family businesses, with a special focus on polygamous family businesses in the Middle East and their implications during succession. Our discussion emphasises that the merging of family and business dynamics is particularly complex, especially during the leadership transition within a family-owned business. This specialised area of polygamous family businesses, which has received limited academic attention, adds another layer of complexity. Furthermore, legal recognition of polygamy in certain countries introduces unique challenges to the succession planning process. Even in countries where polygamy is legal, succession and inheritance often become a legal complication.

There is a pressing need for more academic focus on polygamous family businesses to deepen our understanding of their influence on business dynamics, succession, and inheritance. Given the diverse cultural norms and business practices across the Arab Middle East, region and country-specific studies are essential to differentiate the varied polygamous structures and their business impacts. Current research primarily focuses on the psychological effects of polygamy, leaving a gap in knowledge about how these dynamics affect business

decisions, leadership transitions, and stakeholder management, as well as post-succession performance. A detailed investigation into the roles of women, especially comparing first wives to subsequent wives in decision-making processes, could reveal intricate intra-family political and power structures. All of these factors are consequently influential during a family succession. The influence of modernisation and globalisation on traditional polygamous family businesses represents a largely unexplored area. It's essential to understand how these businesses are adapting to the evolving global business landscape and what implications this has for succession planning. Additionally, in light of growing discussions on gender equity and women's empowerment, it becomes increasingly important for research to examine how succession models in polygamous family businesses might transform in response to these changing social dynamics.. There are several implications of polygamy and family business succession. The policymakers need to be aware of the challenges of polygamy to create succession frameworks and policies better. Empirical studies focusing on the long-term sustainability, performance metrics, and competitive advantage (or lack thereof) of polygamous family businesses in juxtaposition with their monogamous counterparts would provide invaluable insights into the efficacy of current succession practices.

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