Sources of the Competitive Advantage of Family Enterprises: An International Approach Focusing on China, Nigeria and Poland

Joanna Bednarz, Tomasz Bieliński, Anna Nikodemska-Wołowik, Ade Otukoya

**Abstract**

**Objective:** The objective of this paper is to identify some crucial factors influencing family businesses in China, Nigeria and Poland through a prism of the competitive advantage theory as well as company values.

**Research Design & Methods:** The empirical research results were employed: findings from a survey on competitive advantage, from a study of Family Enterprises’ (FEs) survival in Nigeria, from interviews conducted with the owners of Polish FEs, from a survey with Polish consumers, and from interviews conducted with FEs’ managers in China. International desk research was carried out as well.

**Findings:** Major attributes of FEs which can support their competitive advantage created on the market were identified. The significance of family enterprises in contemporary economies of China, Nigeria and Poland was examined.

**Implications & Recommendations:** The success of FEs and their important nature mean that more research is needed to understand their development for the future. A holistic and cross-cultural approach is required. As the consumers’ attitudes towards FEs in the three countries differ significantly, a unified survey which can be adjusted for the cultural requirements of each country is recommended.

**Contribution & Value Added:** While comparing FEs in the three countries, some crucial factors which influence their functioning were discovered. Despite of identified obstacles in performance of FEs, there are some sources of CA highlighted and divided into similarities, differences and autonomous features by the authors.

**Article type:** research paper

**Keywords:** family enterprise; entrepreneurship; competitive advantage; values

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INTRODUCTION

The role of Family Enterprises (FEs) in the contemporary economy has gained attention of experts since the advent of the new millennium. Some of the reasons for such a turn towards these business entities are quite explicit, while others require deeper investigation. Nevertheless, among them one can find the core attributes of FEs, specific for this type of firms, which have built their competitive advantage on the market.

The objective of this paper is therefore to identify some crucial factors influencing family business through a prism of the competitive advantage theory as well as company values. As a result of the vast majority of available literature concentrated on American, West European and Japanese FEs, this article is focused on three countries of different economic yet differing backgrounds: China, Nigeria and Poland. There is a dearth of research on cross-cultural studies conducted on this field. FEs in these three countries were targeted intentionally: they are remote to each other, localised on 3 continents and have limited economic cooperation. Therefore, the development of FEs in any of them has not been influenced by the other ones. This enables researchers to seek for the universal attributes and values of FEs. Despite geographical and cultural distances, as well as differences in the economic development, they have some significant similarities.

Moreover, the paper attempted to recognise factors influencing the Chinese, Nigerian, and Polish FEs’ positions on their domestic markets. Current international economic challenges were considered. The article also pinpoints some common attributes of FE in the 3 markets. Being aware of many limitations of the study, the authors attempted to initiate a deeper discussion on cross-cultural studies on FEs in the international context.

The article covers three related areas. First, it shows the evolution of definitions and approaches towards the competitive advantage theory. Second, the article reviews definitions of Family Enterprises presented in the literature. In doing so, it conceptualises this type of business structure as well as highlights major attributes of FEs which can support their competitive advantage created on the market. Third, it examines the significance of FEs hitherto in the contemporary economies of China, Nigeria and Poland.

MATERIAL AND METHODS

This article, theoretical in character, is based on international desk and field research findings.

In the paper, the authors employed some parts of their own empirical research results from the last 3 years: from a quantitative research on competitive advantage (further in the article as CA) built on (1) resources which are valuable, rare, compatible and difficult for imitation or substitution, (2) value creating strategies and (3) competitive instruments (mostly marketing-mix), findings from a study on the FE survival in Nigeria which links different factors to the survival of FEs (in 2015 the online questionnaire was sent by electronic mail to over 4,000 entrepreneurs who were randomly selected from the data base of the Enterprise Development Centre; focus group interviews were conducted with 9 entrepreneurs to verify and clarify some of the answers), conclusions from in-depth individual interviews conducted on a non-probability sample of the Polish FEs’ owners (meetings in 2014-15: 15 in Pomeranian and 4 in Wielkopolska regions), and the results of a nationwide survey...
carried out in 2015 on a representative sample of Polish consumers (the detailed methodology in: Nikodemska-Wolowik, 2015). The Chinese study was based on the results of the observations and 30 unstructured, in-depth interviews with FE managers in the years 2008–2016 in the Chinese provinces of Beijing, Shanghai and Guangdong on the FEs operating in the manufacturing sector.

The authors used an approach as neutral researchers. The investigated period covered the end of the last millennium to more recent years, with some references to the economic backgrounds, emblematic for the histories of the 3 countries. The object of the study was a FE deeply rooted in the country of origin and the considerations given below refer mostly to the businesses operating as family owned in at least the second generation. The research was focused mainly on Small and Medium Enterprises (SMEs).

LITERATURE REVIEW AND THEORY DEVELOPMENT

General Values Which Build a Competitive Advantage in Contemporary Enterprises

The idea of competitive advantage (CA) is to provide a company with the superior position or to allow a company to be seen differently than its competitors (Porter, 1985). There is no generally accepted definition of CA. It is defined in different ways by individual authors (Wach, 2014; Bednarz, 2013).

The precursor of this notion is W. Alderson. He was one of the first authors to recognise that firms should strive for unique characteristics to distinguish themselves from competitors in the eyes of consumers. Alderson concentrated on firms operating in a heterogeneous marketplace and proposed three bases for differential advantage: technological, legal, and geographical. He also hinted the ways in which entities can achieve a differential advantage: segmentation, selective appeals, transvection, and differentiation (Alderson, 1965; Shaw, Lazer & Pirog III, 2006; Beckman, 2007).

The idea of a sustainable CA appeared in 1984. Day (1984) suggested types of strategies which may help to “sustain the competitive advantage”. The following year, M.E. Porter explained that the source of competitive advantage is the value that a firm can provide for its customers. From his point of view, CA can be based either on cost or the ability to differentiate the firm from others in the same sector. The first allows the company to charge less, in this case, it allows the company to compete on price, this might result from a lower cost base or a more efficient process or through paying less for the goods or services it sells (Porter, 1985).

Another formal definition of CA was by Barney (1991, p. 102) who attests that: “a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy”. Moreover, Hunt (1990) believes that most businesses strive for competitive advantage because it gives them an edge over their competitors.

Day and Wensley (1988) proposed a conceptual model of sustainable competitive advantage, also referred to as a model of integrated advantage. This is the most comprehensive approach to competitive advantage which is adequate to the market realities of entities (Figure 1). They used the fact that this is the market and the buyers that verify the effectiveness of each company. The sources of advantage refer to a situation where
a firm has superior skills (i.e. distinctive capabilities of personnel or systems and organisation structures) and/or tangible resources (i.e. scale of manufacturing, location, and distribution coverage) relative to its competitors. These skills/resources if used competently by the company may lead to positional advantages and result in the above average performance such as better consumer satisfaction, loyalty, higher levels of profitability and bigger market share.

There are many authors who followed the concept of Day and Wensley (1988) who indicates that there are other resources necessary to build CA of companies. Barney (1991) contended that the resources with the potential to provide a competitive advantage for a company must be: valuable (in the sense that it exploits opportunities and/or neutralises threats in a firm’s environment), rare among a firm’s current and potential competition, imperfectly imitable (either through unique historical conditions, causal ambiguity, or social complexity), and without strategically equivalent substitutes (Barney, 1991; Barney, 1995).

Dierickx and Cool (1989) asserted that asset stocks are strategic to the extent that they are non-tradeable, non-imitable and non-substitutable.

Prahalad and Hamel (1990) emphasised that firms should consolidate resources and skills into competencies which allow them to adapt quickly to changing opportunities and thanks to these entities they can build their CA. The authors called them core competencies that can also act not only as a differentiating factor but can become a form of restriction or barrier to entry into the sector by other firms (Wernerfelt, 1984).

Continuing the resource-based view, Conner (1991) proposed that to achieve above-average returns, a firm product must be distinctive in the eyes of buyers. If the firm sells an identical product in comparison to competitors, it must have a low-cost position. That is why each company must be ‘costly-to-copy’.

Experts analysing the sources of CA in 1990 noticed the importance of various intangible resources. For example, Hall (1993) identified intangible resources and distinguished assets and competencies of the firm. Assets such as intellectual property rights, the company’s reputation, brands, signed contracts and licenses, trade secrets and databases help to characterise the ownership of the company. Competences are related to what a company can use on the market, these are; corporate culture, organisational
and personal network, knowledge of employees, know-how of business partners, suppliers, intermediaries and advisors (Hall, 1993).

The resource-based concept makes it possible to answer new questions about the changing reality of firms, experts started to look for some other sources of CA placed outside the entity. While reviewing the modern concept of CA, the diversity in the approach of their representatives should be emphasized. For example, the concept of competitive advantage based on market orientation became more important at that time. Narver and Slater (1990) perceived market orientation as organisational culture – which includes three behavioural components: customer and competitor orientation as well as inter-functional coordination. These are the utilisations of company resources in creating superior value for target customers.

The role of marketing relations in getting resources and building CA was analysed by Morgan and Hunt (1996). A solid foundation based on mutual trust and involvement of partners will help them to build exceptional relations. As they are usually rare and difficult to be copied by the competitors, they have a chance to become a source of sustaining CA.

In 1990s, the time-based competition as a source of CA was commonly analysed. Using Stalk’s concept, it is possible to say that time is the equivalent of money, productivity and quality, and even innovation and organisational changes. Companies using time to compete on the market can reduce their costs, improve the technology, offer a wider range of products directed to various market segments (Stalk, 1988).

This approach corresponds to the concept of building a CA based on innovation. Innovations (especially technology-based innovations) were considered the main element of entrepreneurship. The experts underlined that they contribute to shortening life cycles of products and technologies. Innovations also lead to organisational changes and are crucial to the speed of changes implemented by the firm.

Firms use different value chain activities in order to have a CA (Porter, 1996). Long term sustainable CA strategy needs to be exceptional in its mix to an organisation rather than a unique process in itself (Rothaermel, 2008). CA is therefore at the heart of a firm’s performance according to Porter (1985). It gives companies an edge over their competitors.

The Definition of FE in Brief

The authors followed the analysis of about 250 publications brought out by experts in the investigated field at the end of the last century, which presented definitions of a FE (Sharma, Chrisman & Chua, 1997) and compared them with the contemporary approach. As per the literature review, to distinguish a FE – one should use a package of such criteria as: structure of ownership, family relations, influence on strategic decisions, vision of succession. There are two common strands to the definitions, firstly, that the owners are connected or related and most importantly, there is an implied assumption that the company may pass on to future generations of the same family. Ownership can be defined as more than 50% of the controlling interest or voting right, but there are other scenarios where the descendants of the founders may still be involved, either in day to day running of the business or have some strategic involvement in the decision-making process. Family relationships can be by blood, adoption or marriage. Thus, a Family Business is an enterprise where the majority of the ownership or control is with a group of people who are related by blood or marriage (Lyman, 1991).
FEs are “enterprises in which members of the nuclear or extended family hold majority shareholding” (Onuoha, 2012; Ring, Brown & Matherne, 2017). FEs are also besieged of problems of and the need to employ or promote family members at the expense of better qualified ‘outsiders’. There are also issues of the right benefits and compensation to entice and keep talented family members, the promotion of family members at the expense of outsiders or vice-versa can also lead to conflict in the FE, the guidelines on family participation in the business, the acceptable profit sharing mechanisms as well as acceptable succession mechanism within the FE. These issues can also be complicated by family members who work for the company, but are not regarded as owners or those who own part of the business, and do not take part in the management of the business (Bowman-Upton, 1991).

There is a broad consensus on three main criteria characterising the family enterprise (Nikodemska-Wolowik & Zientara, 2012): family ownership, management by a family member, involvement of family members in day-to-day running of a company.

The Significance of FEs in the Contemporary Economy
The position of FEs is strengthening in most of the global economies, for example in Germany they make up 40% of the total number of businesses, whereas in the USA – 33%, with 40% and 50% in Brazil and India respectively (The Economist, 2015).

There is now a remarkable turn towards FEs evident in an inspiring article published in the Harvard Business Review (Kachaner, Stalk Jr. & Bloch, 2012). Moreover, stakeholders trust FEs more than non-family businesses in the majority of cases (Edelman Trust Barometer, 2014). The stakeholders’ trust belongs to the crucial intangible assets of FEs and these relationships base on an honest and long-term attachment. Although, the paper concentrated on the positive aspects of FEs’, it should be noted that some of these issues also constitute the major problems with FE for example, the lack of succession planning can constitute a major challenge for many FEs. Even though there are many advantages for FEs – presented further in the article – at the end of the last century only 30% and 14% of FEs respectively pass on to the 2nd and 3rd generation (Lansberg, 1999), with the average life lasting as long as the original founders are still in place for around 24 years (Onuoha, 2012). Ernst and Young experts claim that nowadays the number is even smaller -10% of FEs survive beyond the 2nd generation (EY Family Business Yearbook, 2014). Their reason for the failure is that family members are selected to critical positions based on their family ties rather than on the grounds of competence (Joseph, 2014). Succession planning requires a commitment to find, select and develop the appointed successor, but this must be taken in the context of the talent pool within the business and the emotional complexity within the family dynamics. The successful succession of a FE is a continuous process with issues such as legal and financial handover sorted out, but the transferee or successor must not only be willing to continue the FE, but must be capable and qualified to run the business in his or her own capacity (Lambrecht, 2005). Therefore, an efficient succession plans strengthens a firm’s position on the market.

The universal Values for Family Enterprises in the International Scope
In the case of FEs, it can be noticed that CA allow them to differentiate the products or services they offer to their customers who may prefer to be seen as unique, some prefer customised products to distinguish themselves from other consumers in the market place. The
key element from a FE is the ability to draw on the talent of other family members, their history, continuity of service or the availability of their products or services into the future. Most companies now emphasise the ‘family’ part of their businesses as they are deemed to be ‘nimble’ and able to react quicker to the demand of their customers. The ability to combine the resources mentioned above better can lead to better efficiency which can translate into cheaper cost of production and hence earn excessive profits.

There are some universal attributes of FEs in different countries, such as: employment of family members, continuity of FE owing to inheritance, survival of the ownership and financial independence and successful succession. Furthermore, those features can be identified by their core cross-cultural values. An essence of FEs’ values is included in the ELISA model (Cappuyyn, 2006). The abbreviation (ELISA) stands for: E – excellence, L – labour ethic, I – initiative for innovation, S – simplicity of lifestyle, A – austerity. Those qualities can be compared with the KPMG experts’ list of FEs’ values, explicitly: loyalty, legacy, access to labour, access to capital, key employees and career opportunities (Walsh, 2011). Loyalty is an essential element, as well as the sense of commitment when more than one family member is involved in the running of the business. There is also the sense of continuity and the need to leave behind a legacy to continue to build on the efforts of the older generation of the family and take the business to new heights. FEs tend to have some elements of ‘grooming’ of the younger members of the family in preparation for joining the family business. They also find it easier to get access to labour within the extended family members. Another unique advantage of family businesses is their long-term approach to the future performance and survival of the business as they pass on the family tradition and values that have worked well or served past generations better (Garces-Galdeano, Larazza – Kintana, Garcia – Olaverri & Makri, 2016). Many successful FEs are also keen to discuss and put succession planning in place to continue with the legacy, hence they try to develop family members who can take control of the business in the future.

The existence of family ties and relationship forms the basis of what is defined as the family capital (Hoffman, Hoelscher & Sorenson, 2006). The ties within a family business is more pronounced in FEs than in any other type of organisation. FEs tend to work better because members are likely to interact more frequently outside of the business, they communicate more and have history which precedes the business. This leads to quicker resolution of problems as the overall interest is the improvement in the FE to make things better for future family members (Hoffman, Hoelscher & Sorenson, 2006). A FE also relies on the network of family members for support, resources and even capital as well as network linked to and by others (Portes, 1998).

This can help in building so called collective trust. In essence, family members can rely on each other to make the best decision in the overall interest of the organisation, this can lead to people working well together (Kramer, Brewer & Hanna, 1996). Taking into account the CSR subject, one can refer to a profound international study by Cruz, Larraza-Kintana, Garce´s-Galdeano and Berrone (2014). Those authors concluded that in general FEs “can be socially responsible and irresponsible at the same time. FE is "a business with a human face", it is created by specific people as compared to large organisations where staff remain anonymous. Thus, the success of a FE is as a result of specific people and continuation of their ancestors’ work.
Moreover, FEs have proved to be more “crisis-resistant”. The last two economic downturns in the 21st century showed that relatives are engaged to a much higher degree than other employees. As it turned out, they are more stable, if more conservative by staying away from high risk projects and through being less greedy. The fundamental crux of their existence is their belief in people and respect for human dignity.

**DISCUSSION**

Below, the comparison of the chosen values specific for FEs in the 3 countries is presented.

FE like other firms, are affected by the national and – synonymously to them – cultural elements of the environment they stem from. Culture, as a complex multidimensional structure, consists of some fundamental parts which have tremendous impact on an enterprise’s overall functioning, mostly on strategy, identity and image. Quoting Marques, Presas and Simon (2014, p. 220) “values are part of the culture of the organization and cultural change will probably be based on value changes, which in the case of a family firm are conditioned by the values of the owning family”.

**The Role of FEs in the Chinese Economy**

The history of FEs and entrepreneurship in the People’s Republic of China dates back only to the late 1970s, when the Cultural Revolution came to an end. Although many private firms existed when PRC was established in 1949, most of them were transformed to state owned enterprises (SOE) by 1956. The remaining small businesses ceased to exist during the Cultural Revolution, when all kinds of entrepreneurship activities were called “the capitalist tails” (Zhang & Stough, 2012, p. 16). Initially, the government allowed only for the creation of Township and Village Enterprises (Xiangzhen qiye), which could be set up by “townships, villages, several households (or partnerships), individual household (or private), or jointly by Chinese and foreign partners through shareholding mechanisms or shareholding cooperative systems” (Liang, 2006). The success of that reform led to the creation of individual businesses in areas such as “repair, service, and handicraft industries” (Wu, 2005). Despite many limitations, the number or registered private businesses went up from 0.3 million in 1978 to 14.53 million in 1988 – almost all such individual businesses were FEs (Zhang & Stough, 2012). In 2015, there were 7.4 million private enterprises in PRC and FEs accounted for 85.4% of them. Additionally, the number of family-based individual businesses (which employ up to 7 workers) rose from 24.64 in 2005 to 34 million in 2015. Almost one third of China’s listed companies in 2015 were family controlled (Cai, 2015). Most of those enterprises are successful businesses (PWC, 2014). The Chinese FE sector went through the period of fast development and their number was growing fast for the last 3 decades. On the one hand, the Chinese economy is restructuring and the sector of services, which is traditionally dominated by FEs will be playing a major part in that transition. That will give many FEs the potential for high growth. On the other hand, most of FEs in China will soon face the problem of the first succession and the need to change the social perception of their companies.

**Governmental Policy Towards FEs in China**

The Chinese government still favours SOEs and does not allow private investment in strategic and most profitable businesses. The government not only does not provide support for FEs, but usually discriminates against them in favour of SOEs. This becomes particularly evident
around financing. Most of the banks operating in the Chinese market are state owned, and provide soft loans to SOEs at the same time limiting FEs’ access to capital (Cheng, 2014). The government help in the form of tax breaks for small and micro enterprises (of which most are FEs) improved in 2015 in the face of market turbulences which threatened the labour market with a possible rise of unemployment (Swire, 2015).

**The Attributes, Values and Core Competences of the Chinese FEs**

The manners in which businesses are conducted within the Chinese FEs are largely determined by social and cultural factors. Especially important are the values connected with Confucianism, like family hierarchy and harmony (Hui-Chen & Huang, 2012). A typical Chinese FE is headed by a patriarchal or matriarchal figure who is often the founder of the business. The other family members may have other key positions. The extended family may conduct its own businesses which are linked together to form a complex network. Cross-holdings are common but not always apparent since the knowledge of such holdings is often kept private. Decision making is often informal even in publicly held corporations and occur at such events as family dinners (Ming-Jer, 2003).

Family ties are crucial for building guanxi, which is often seen as the key intangible asset for doing business in China (Chow-Hou, 2014). Guanxi is a term meaning relationships or connections and is considered important in the Chinese society and in some peculiar business realms. It is an unwritten agreement that the group expects to do favours to other partners in the network. Reciprocity is expected without ever being communicated. Establishing and maintaining a guanxi network is the imperative in most Chinese businesses (Wall & Preston, 2010). People are evaluated informally and personal reputation is more important than achievements. Seniority, trustworthiness and reliability play more important role in deciding about promotion, firing, hiring, rewarding, and evaluation criteria instead of good performance (Susanto & Susanto, 2013). Guanxi does not cause FE operations dysfunctional. Management in the Chinese FEs is long term oriented, and given favours should be returned in the future. If there is a market turmoil or a FE goes through a period of financial problems they can expect help from other related FEs. Loyal cooperating firms expect the same treatment if they face hardship.

One of the major problems of the Chinese FEs is inheritance. Most of them are still managed by their founders. Recent study revealed that only 8% of FEs have successfully managed to pass on the baton to the next generation (Cai, 2015). However, the Chinese Confucian values lead to successful inheritance in overseas Chinese businesses (Yan & Sorenson, 2006). FEs in mainland China face a very different problem. Family planning policy introduced at the end of 1970 allowed most of the Chinese entrepreneurs to have only one child. Although the policy was reformed in 2015, making it possible to raise the second heir for most of the families, it might be too late to raise a child who would take over the management of some of these FEs. It might have a negative influence on the succession process in the Chinese FEs (Man, Wing & Fang, 2016). There is a positive association between family size and family ownership and control has been proved (Bertrand, Johnsonb, Samphantharakc & Schoa, 2008). It is certain that a smaller number of children in China will result in lower succession rates.
The Chinese Stakeholders’ Attitudes
In the nation’s struggle toward modernisation, the Chinese suffered because of feudalism, in which family cronyism played an important part (You-Li & Ling, 2003). Traditional FEIs were called “class enemies” and oppressed in many ways. Nowadays, families play important roles in the success of a significant proportion of economy, but many businessmen, particularly the successful and prominent ones, tend to conceal or evade questions about their family background out of fear that people will stigmatise them as traditional and undermine their achievements. Chinese companies do not organise themselves around their identity as FEIs even though the Chinese have established numerous associations in their hometowns. Without advocates, such as business associations to plead their case, the weaknesses of FEIs, such as nepotism and family infighting are overplayed and even ridiculed in the media and even in popular soap operas. It is prevalent and accepted as a common fact that FEIs in China are mostly small, unprofessional, backward, nepotistic and fraught with questionable business practices (Morris, 2011).

The Position of FEIs in the Nigerian/African Economy
SMEs form 98% of all businesses in most countries, the same as in Nigeria, they are therefore a critical part of the Nigerian economy with majority of these companies classified as FEIs, hence the importance of FEIs in the local, national and global economic environment. Onuoha shows the lack of objectives, defined goals and strategies by many of the families surveyed for the research in Nigeria (2012). Of those surveyed, 89% do not have a clear vision or mission statement, 87.5% have not attended any form of training and 77% are unaware of government policies setup to encourage entrepreneurs. There are many benefits – missed by FEIs in Nigeria – to be gained if they have clear objectives, with staff being well trained and if the companies have functional and effective board of directors. Nigeria has one of the highest population growths in the world at around 2.3% per annum (The World Bank DataBank). Like many developing countries in Sub-Saharan Africa, the country suffers from high levels of unemployment which official figures give at 12.1% quoted in Asaju, Arome and Anyio (2014), but researchers believe to be at least 3 times the official figures. SMEs play an important role in the economic development and growth of countries, in terms of employment creation and being close to their customers and the ability to react to the dynamic business environment. FEIs form a large percentage of SMEs and this trend is likely to continue into the foreseeable future (Emerole, 2015). In Nigeria, due to lack of capital for business start-ups, many businesses were started by family members. This setup has helped to pull together both capital and human resources, at the same time provide employment opportunities for family members. The Nigerian Economic intelligence unit report, 2013 confirms that 52% of the 200 largest listed companies on the Nigerian Stock Exchange were FEIs. SMEs are the recognised engine of growth and with between 70% – 90% of business enterprises in Nigeria being FEIs, they contribute to the economic growth, development and reduction in the poverty level (Onuoha, 2013).
Institutional Support for FEs in Nigeria

There are no specific institutional supports for FEs in Nigeria, but the government is now developing policies to support small businesses in general, the majority of which are FEs. The government support programmes are in the form of lending schemes and the provision of financial help to support SMEs, such as the National Economic Reconstruction Fund (NERFUND), the World Bank Small Scale Enterprise Loan Scheme (SMES), Nigeria Export and Import Bank (NEXIM) as well as the community Banks and the People’s Bank of Nigeria (Osotimehin, Jegede, Akinlabi & Olajide, 2012). Having realised the importance of the role of SMEs in other countries where SMEs contribute not only to GDP, but employment and the economic development, the government now provides some institutional support through agencies which support SMEs in general and is also involved in the production of data to help formulate policies to support SMEs. As part of the government institutional support, the government at the local, state and federal levels have embarked on many entrepreneurship schemes to encourage business start-ups. Many of these schemes lead to the creation of employment to help absorb some of unemployed workers. These schemes have therefore led to the creation of many SMEs. These enterprises are seen as the source of employment creation, the eradication of poverty and they help in the economic development. It is easy to understand why this approach is tenable (Onuoha, 2013).

The Key Attributes of the Nigerian FEs, Major Values, Competitive Advantage

The most enduring attribute of FEs in Nigeria is the importance of the extended family in helping to develop FE businesses and in their contributions to the gathering of much needed capital for the setup of FE in Nigeria. It is an important institution in Nigeria, but Wolf (1955) contends that this can be a stumbling block to the entrepreneurship development by reducing the level of risk since more conservative family members may be unwilling or reluctant to contribute capital where a venture requires a lot of capital or is considered to be too risky.

The Nigerian culture is still based on gender hierarchy, where women are treated less favourably than men and male offspring are promoted before the female members of the same family because men are seen as being able to continue the family name (Joseph, 2014). The Nigerian culture also favours the eldest child in many instances, even when not suitably qualified. The Nigerians are also guided by a system which respects age over experience or qualification when it comes to inheritance and succession (Fadipe, 1970). The issues are compounded by the polygamous nature of family relationships where men can marry several wives and have children from multiple women (Ogundele, Idris & Ahmed-Ogundipe, 2000). Researchers such as Obayan (1995) believe that the extended family system is a burden on entrepreneurship. This state of affairs can lead to more successful family members looking after less successful ones with no incentive for the less successful ones to strive for themselves (Joseph, 2014).

In the study of FE survival in Abia state of Nigeria, Emerole (2015) confirms the link between different factors which affect the survival of FEs, these factors include, the age, education, the experience, the type of business and the gender of the founder, but most critically, the survival of a business depends on the implementation of robust succession planning and good corporate governance mechanism by the business.
Many FEs do not survive to the next generation, in part due to the lack of transparency, poor corporate governance mechanism and inadequate future plans (Newell & Frynas, 2007). Onuoha (2013) concluded that 95% of businesses which were surveyed for his research did not have any succession plans in place.

As a developing country Nigeria has an undeveloped private sector which consists mainly of FEs, most of them are a critical part of the nation’s economic development, hence the need for this type of business to be professionally structured and managed (Onuoha, 2012). The same enduring qualities of FEs also provide some of the biggest challenges for such enterprises and their eventual survival in the future.

**Nigerian Stakeholders’ Attitudes**

The large numbers of FEs in Nigeria mean that they are generally seen in a positive light, the issues of succession, family disputes and other matters enumerated above make FEs not particularly attractive to the people outside the family. These issues are compounded by a culture where polygamy is common and extended family members and cultural beliefs can also influence the business decision making process. These factors can lead to instability or threaten the existence of FE. They can affect the stakeholders’ attitudes towards such entities, especially the breakdown of family relationship may also affect the continuation or the survival of the business entity.

**The Role of FEs in the Polish Economy**

FEs have been in existence in Poland for many centuries. However, it was only at the turn of the 20th and 21st centuries when experts focused on the subject in a perceptible way. During the communist era, Polish private property was limited to minimum so the fact of running own business used to be a natural aspiration. In state-owned companies the sentence: “It belongs to the state, that means to nobody” caused stiffening negative attitudes. Subsequently, all those circumstances led to the killing of entrepreneurial spirit. However, there were some exceptions to the rule: small firms owned by Polish families tended towards traditional sectors and their roots. But contrary to some communist countries, private companies could function in a limited scope in Poland. Hence, the country was not totally closed with regard to economic, tourist and cultural contacts with the West (Nikodemska-Wolowik, 2005). With the collapse of the old regime in 1989, the outburst of entrepreneurship resulted in the creation of numerous family businesses, which became the backbone of the blossoming free-market economy.

The period of the economic transformation established tough rules of competitive struggle in which many companies did not survive. FEs hold an important place in the Polish economy with self-employed i.e. entities employing no staff (which are a priori qualified as family firms). They dominate over non-family ones in the following sectors: wholesale, retail, industrial processing, transportation, storage management, hotels and restaurants. It is noteworthy that 44% of micro-enterprises and SMEs are run by families, with 78% of them employing the first generation family members at different levels of the firms’ hierarchy and 51% of them at the management level (Nikodemska-Wolowik, 2015).
Institutional Support in Poland

When Poland joined the European Union in 2004, enterprises gained new opportunities to develop their businesses. The number of Polish organisations whose activities are dedicated to FEs has increased rapidly since the year 2008. The Polish Agency for Enterprise Development has support for family businesses as one of its top priorities. Since autumn 2008, PARP, a governmental body, has been engaged in an unprecedented project entirely concentrating on family enterprises per se. The aforementioned project is an exploratory one because of the significance of FEs for the Polish economy, as well as the role of training and consulting tools designed to help them, which are new to Poland. Nowadays some institutions and organisations support family businesses on a regular basis. They include: associations of family firms, academic institutions and consulting firms. Two of them are worth mentioning here as they were founded in 2011; the Family Business Foundation (in Polish: Fundacja Firmy Rodzinne), which strictly concentrates on FEs’ needs and problems. The other association is the initiative of Family Enterprises (IFE), a private association established in 2007. All those aforementioned undertakings have had a positive impact on building Polish FEs’ position on the market.

Attributes and Values of Polish FEs

The strengths of FEs which shape their competitive position can be discovered in the Polish history. FEs have survived difficult times thanks to their philosophy of faithfulness to basic values, respect for others and solid work. These entrepreneurs have always believed and are still convinced that the power of a family constitutes a great value in itself. The companies which survived experienced double verification: during the communist regime, when private initiatives were treated suspiciously by the government, and after 1989, when the free market was being shaped. Polish entrepreneurs began to enjoy some of the benefits of having their own family identities. FEs, especially those with many years of history, give solid bases for building strong and unambiguous identity which relates to reputation and perceived image. One can notice their stability, advantages of organic development, conservatism, which are however, compensated by the elimination of risk and the guarantee of predictability, as well as active involvement in social initiatives, especially in the local area. FEs present much greater flexibility when it comes to the needs of their clients. Thanks to unregulated working time, they can have a more flexible approach to the needs of the market. They often locate themselves in market niches, providing specialised non-standard services. As a result of their flexibility and greater adjustment capabilities, family firms are more resistant to economic downturns: they promptly adjust to new conditions in times of “crisis”, reducing costs when necessary and refraining from unnecessary spending. Enterprises like these can reduce or even refrain from giving remuneration to family members. FEs are characterised by a greater responsibility level for the family, employees, as well as the local community in which they function. While making any kind of decisions, managers remember that they are responsible not only for their employees, but in some way also for their families, as well as the closest local community whom they often help.
Polish Stakeholders' Attitudes

The Polish society has dynamically changed the attitude towards FEs which has been becoming positive for circa one decade. The Poles associate FEs with such features as: cultivating tradition, high quality products guaranteed by the owner personally, reliable, honest and trustworthy (Nikodemska-Wolowik, 2015). The owners are considered to be entrepreneurial, hard-working, resourceful, creative and brave. Tradition was chosen as the major feature by 25% of the Poles (Nikodemska-Wolowik, 2015). More than 30% of the Poles would pay more for products manufactured by FEs (Nikodemska-Wolowik, 2015). The Polish society shows lack of trust towards foreign investors who a few times followed the scheme: “buy out, transfer profits, then sell or transfer to a cheaper country and leave the staff with their problems”. Moreover, there are strengthened ethnocentric attitudes of the Polish society which support domestic business more distinctly. It is worth highlighting here that young, well-educated and ambitious graduates perceive their chances for better careers in SMEs, as well as FEs, not just in large international businesses.

Similarities and Differences Between Chinese, Nigerian and Polish FEs

While comparing the attributes of FEs and external conditions of their functioning in the 3 countries, some crucial factors which influence their performance can be noticed. They are considered from the global perspective to make the judgement more universal. Despite several obstacles in FEs’ performance (particularly in China and Nigeria, i.e. economic, demographic, legal, and political conditions presented above) there are some sources of CA. The geographical and cultural distances are widely known as well as differences in the economic development but the similarities should be also analysed. Thus, the sources of CA, summed up in Table 1, are divided into 3 groups of features.

CONCLUSIONS

The paper deepens the knowledge of FEs in the international context, encouraging researchers to conduct profound studies in this area. Being aware of some limitations, as the lack of the typical comparative research procedure and statistical analysis, the inquiry focuses on opening a wider discussion on those issues. It was highlighted that the input of FEs in the development of the Chinese, Nigerian and Polish economies is substantial, nevertheless they need a holistic approach concentrated on their specific attributes. The success of FEs and their distinctiveness mean that more research would enable to understand how they can continue to develop for the future. Moreover, as the consumers’ attitudes towards FEs in the 3 countries differ significantly, a unified survey which can be adjusted for the cultural requirements of each country is recommended. Furthermore, the policymakers in the 3 countries should support FEs to pass smoothly through the succession process in legal and financial terms. Similarly, the financial rules in these countries should be more stable and approachable for FEs. In the historical perspective FEs have proved to be important players in building a relatively solid economical environment. Therefore, it is highly recommended to promote the value of FEs and support their significance in the economic development. The Chinese and Nigerian managers could enhance the productivity of their enterprises by evaluating the experience and qualifications of their workers over their position in the family.
Table 1. Selected factors influencing the FE performance as the sources of CA

<table>
<thead>
<tr>
<th>SIMILARITIES</th>
<th>DIFFERENCES</th>
<th>AUTONOMOUS FEATURES</th>
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<tbody>
<tr>
<td>- FEs are rooted deeply in tradition</td>
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<td>- family hierarchy and harmony</td>
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<td>- seniority, trustworthiness and reliability inside the firms</td>
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<tr>
<td>- in Nigeria FEs are generally seen positively, in Poland the overall perception of FEs is much enhanced</td>
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<td>- in China and Poland FEs avoid risky undertakings in business</td>
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<td></td>
<td>- in China and in Nigeria age more respected than experience or qualifications</td>
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<td></td>
<td>- in Poland a progress in staff judgement</td>
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<td></td>
<td>- deep solidarity even among distant relatives in China, grounded in the philosophy</td>
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<td></td>
<td>- in Nigeria strong support among extended families’ members, in Poland weaker ties among families</td>
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<td></td>
<td>- historical experiences in creating entrepreneurial spirit much stronger in China and Poland than in Nigeria</td>
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<td>- decision making process is often informal</td>
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<td>- personal reputation more important than formal achievements</td>
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<td>- in micro and small firms business financed by members of family/families because of limited access to capital</td>
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<td></td>
<td>- the conditions for running business being on completely different levels</td>
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<td></td>
<td>- the advancement in exposing FEs’ identity</td>
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<td></td>
<td>- in Poland quality products guaranteed by the owner personally</td>
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<tr>
<td></td>
<td>- In Nigeria, polygamy can lead to fighting between the children of different wives of the founder. This may lead to issues when it comes to succession</td>
<td></td>
</tr>
</tbody>
</table>

* a phenomenon visible in at least 2 countries
Source: own study.

REFERENCES


Sources of the Competitive Advantage of Family Enterprises: An ...


The contribution share of authors is equal and amounted to 25% each of them.

**Joanna Bednarz**  
Associate Professor at the University of Gdansk; Faculty of Economics; Institute of International Business; Department of Economics and Organization of International Trade. Her research interests include international competitiveness, entrepreneurship and brand management.  
**Correspondence to:** Professor Joanna Bednarz, Armii Krajowej 119/121; 81-824 Sopot, Poland, e-mail: j.bednarz@ug.edu.pl

**Anna Nikodemska-Wolowik**  
Associate Professor at the University of Gdansk; Faculty of Economics; Institute of International Business; Marketing Department. Her research interests include family business, corporate identity, market research methodology, consumer behaviour.  
**Correspondence to:** Professor Anna Nikodemska-Wolowik, Armii Krajowej 119/121; 81-824 Sopot, Poland, e-mail: amnw@ug.edu.pl

**Tomasz Bieliński**  
Adjunct at the University of Gdansk; Faculty of Economics; Institute of International Business; Department of International Economic Relations; His research interests include innovation, entrepreneurship and human capital in China.  
**Correspondence to:** Tomasz Bieliński, Ph.D., Armii Krajowej 119/121; 81-824 Sopot, Poland, e-mail: t.bielinski@ug.edu.pl

**Ade Otukoya**  
Senior lecturer at the University of Northampton, England. His research interests include entrepreneurship, economic development, African economy, accounting.  
**Correspondence to:** e-mail: ade.otukoya@northampton.ac.uk

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