

## Investigation of the Relationship between Family Business Success and Marital Failure in Tanzania

**Mbwile, E.S.**

Social and Business Studies Department: Tengeru Institute of Community Development, P.O Box 1006 Arusha, Tanzania.

*Received 25-06-2024*

*Revised 26-06-2024*

*Accepted 18-07-2024*

*Published 19-07-2024*



Copyright: ©2024 The Authors. Published by Publisher. This is an open access article under the CC BY-NC-ND license (<https://creativecommons.org/licenses/by-nc-nd/4.0/>).

### Abstract:

This study explores the link between family business success and marital breakdown using a mixed-methods approach. Data from 110 family business people in Kilimanjaro was collected using a cross-sectional survey design. The findings show that extramarital affairs, poor conflict resolution skills, poor communication, biased succession processes, and imbalanced work-life dynamics contribute to higher rates of marital failures among family business couples. Recommendations include interventions enhancing conflict resolution skills, fostering effective communication, ensuring fair succession processes, and promoting work-life balance to mitigate these risks.

**Keywords:** Family Business, Couples, Marital Failure

### Introduction:

Family enterprises account for a sizable component of the global economy, helping to create jobs, drive economic growth, and generate wealth (Neubauer & Lank, 2016; Muriithi, 2017). According to statistics, family firms account for 70-90% of all businesses worldwide, with variations among economies and countries (De Massis et al., 2018). While the economic significance of family businesses is widely recognized, the intricate dynamics within these firms frequently extend beyond the world of business, influencing many aspects of people's lives (Anderson et al., 2016). One such component is the interaction between family business success and marital relationships, which has sparked interest due to its possible ramifications in both personal and professional realms (von Schlippe et al., 2021; Michael-Tsabari et al., 2020).

A family business's success is often judged by its longevity, financial performance, and ability to grow over generations (Neubauer & Lank, 2016; Chirapanda, 2020). However, complicated household dynamics lay behind these signs, and they can have a substantial impact on family relationships, particularly those between spouses (Jayawarna et al., 2021). Marital relationships within family companies face particular challenges such as job ambiguity, opposing interests, and blurred work-family boundaries (Qiu & Freel, 2020; Michael-Tsabari et al., 2020). These circumstances may damage marital relationships, resulting in disagreements, discontent, and even divorce.

Despite the popularity of family companies and the possible impact of their success on marital relationships, empirical studies on the relationship

between these two phenomena are scarce (Campopiano et al., 2017). Existing research has mostly concentrated on the business side of family businesses, ignoring the connections between individuals' emotional lives, notably their marital dynamics (Jaskiewicz & Dyer, 2017; Labaki, 2020). Furthermore, the few research that have looked into this correlation have yielded inconsistent results, emphasizing the need for a more thorough investigation.

Understanding the link between family business success and marital failure is important not just for academic research, but also for practical applications in business management and family therapy (Hanna, 2018; Jaskiewicz et al., 2017). Recognizing the potential influence of commercial ventures on marital relationships can help family business owners make strategic decisions and practice family governance (Minola et al., 2016). Similarly, marriage counselors who work with persons involved in family enterprises might benefit from understanding the unique challenges and stressors that these couples confront, allowing them to customize interventions to their specific needs (Markman et al., 2022).

There is a vacuum to fill in from literature by investigating the relationship between family business success and marital breakdown through a multidimensional lens (Friedman et al., 2017). This study uses a mixed-methods approach, integrating quantitative analysis of corporate success measurements with qualitative investigations into marital dynamics, to provide a thorough knowledge of the interaction between these two domains (Buller et al., 2016). The study shed light on the intricate linkages between family business performance and marital relationships by doing rigorous empirical research into the mechanisms behind the observed correlations.

### **Research Methodology:**

The study design used is a cross-sectional survey, which was chosen to collect data within a defined timeframe that matched the nature of the research. The study focuses on the Kilimanjaro area because it has a high number of various family companies

scattered across the country, making it an appropriate environment for examining family business dynamics, as supported by the scholarly literature (NBS, 2022). However, a quantitative method was used to gather both in-depth insights and broader perspectives on family business couples, allowing for bigger sample sizes and more extensive analysis (Fletcher et al., 2016).

To choose representative samples, purposive and convenience selection approaches were used, guided by Keith's (2017) principles. Purposive sampling selected business family pairs, with a concentration on those in the first and second generations, whereas convenience sampling allowed for the selection of a manageable sample size suited for detailed study. The sampling methodology identified wards relevant to the study and chose 10% of the investigated population, resulting in a representative 110 sample size for analysis from family business members. Similarly, surveys were utilized to collect data, and data were analyzed by using Stata statistical software.

### **Results and Findings:**

#### **Description of Demographic Characteristics:**

##### **Sex of the Respondent:**

The study employed respondents from the family business people who were both male and female. The majority of the respondents who were present in the field were males accounting for 59.1% (n=65) of all respondents. Female respondents accounted for 40.9% equal to 45 family business people involved in the study from the Kilimanjaro region. The figure below shows how males dominate family firms and businesses as the data above reveals that more men are likely to own a business.

##### **Educational level of respondents**

Education of the business people is very important in ensuring sound decision-making and maintaining family dynamics. In this study, various respondents participated in the study despite the level of education they had. Almost 64.5% (n=71) have basic education (primary and secondary education) while those with college and university

education were 39 accounting for 35.5% of all respondents. This indicates that most business families like their children to get an education and skills for better running and managing the family business enterprises but not proceeding highly in education. This finding concurs with Anderson et al, (2016) findings that showed that formal education of family business people aims to provide them with new knowledge and skills for managing their business and family dynamics.

**Marital status of the respondents:**

In the study field, it was noticed that many of the family businesses are single either due to late marriage or divorce, where a single account for 27.3% (n=30) had not married and were involved in the family business while 34.5% (n=38) were adults who have divorced. Only 38.2% (n=42) of respondents were married. This has negative implications for family relationships by members of the family business since there is a low rate of marriage and maintaining marriage by members.

The study found that many business people wait to succeed first before marriage, while on the other hand, successful business people both men and women failed to maintain their marriage due to

many reasons like what happened to Bill Gates, Jeff Bezos, and even Aliko Dangote. Despite their financial success still could not manage to keep their marriage stable. Jaskiewicz & Dyer (2017) study found that many marriages in the family business do fail due to heterogeneity among the couples. This has resulted in many couples in the family business opting for divorce and distance relationships.

**Economic Status of the respondents:**

It was found that many family businesses in Africa, especially Tanzania have low capital and operations. Such that more than 58.2 % of the business person respondents had annual revenue less than TZS 1 billion (500,000 USD), while more than 41.8 % of all respondents had annual revenue greater than TZS 1 billion. Indeed, many family business firms are not well established in Africa but still dominate the third world economy because the economy is not well formalized with big multinational firms and public companies due to small markets and capital. Still, these small existing family firms at their level of success, do experience a lot of marital failures among business couples. As the illustration below describes more.

**Table 1: Demographic characteristics of the respondents (n = 110)**

Variable	Parameter	Freq.	%
Marital Status	Married	42	38.2
	Single	30	27.3
	Divorced	38	34.5
Gender	Male	65	59.1
	Female	45	40.9
Economic status	Below 1 billion TZS	64	58.2
	Above 1billions TZS	46	41.8
Educational level	Basic education (secondary)	71	64.5
	College/University	39	35.5

Source: Researcher data (2024)

**Factors influencing marital failure for many successful family businesses.**

Factors that influence marital failures for many successful family businesses were analyzed by using the Binary Logistic model. These factors

included in this model were Extramarital affairs, Conflict resolution skills, Succession factors, communication between spouses, and work-life balance and were analyzed descriptively in Table 3.

**Goodness of fit for the model**

Table 1 indicates the Hosmer and Lemeshow test of goodness of fit with the P value of 0.060, this means the model is considered to be desirable due to the fact that the P- value is greater than 0.05. According to Archer et al. (2006) when the Binary logistic model found that P- value is greater than that of 0.05 at 95% C.I it indicates that the model

has no evidence of a lack of fit. Cox & Snell R-Square and Nagelkerke coefficient of determination (R2) of the model indicates amount of variation in the dependent variables are between 0.632 and 0.810 and this suggests that between 63.2% and 81% of the variability is explained by the set of variables.

**Table 2: Hosmer and Lemeshow Test**

Chi-square	Df	Sig.
14.966	8	.060

**Table 3: Logistic regression results for factors influencing Women community microfinance members’ decisions decision in consuming forest resources**

Variable	$\beta$	S.E.	Wald	df	Sig.	Exp( $\beta$ )
Extramarital affairs	-2.603	1.162	4.558	1	.025*	.052
Conflict resolutions skills	-3.988	1.662	6.014	1	.020*	.020
Communication	-.040	1.503	3.99	1	.002*	.827
Succession factors	-2.020	1.702	2.342	1	.012*	.623
Work-life balance	-.132	1.817	4.009	1	.042*	.806
Constant	-32.700	1.924E6	.000	1	.888	.000

Source: Researchers data (2024).

**Key**

**(a) Model summary**

\* = Significant at 0.05;

LL = -2 log-likelihood = 118.466;

Cox & Snell R-Square = 0.632; Nagelkerke R-Square = 0.810

Hosmer and Lemeshow test: Chi-square =14. 966, df = 8; p = 0.060

**(b) Table features:**

$\beta$  = logistic coefficient or unstandardized logic coefficient, S.E = Standard error of the estimate, Wald = Wald statistic is a squared ratio of the regression coefficient ( $\beta$ ) of a particular independent variable to its standard error, df = degree of freedom, Exp ( $\beta$ ) = odds ratio indicates

the effect size of individual independent variable in the model.

**Interpretation of the model results:**

Table 3, shows Logistic regression results for factors influencing marital failures for many successful family businesses, it shows that factors that significantly influence marital failure for successful family businesses are extramarital affairs, conflict resolution skills, succession factors, communication between spouses, and work-life balance were insignificant.

**Extramarital affairs:**

Table 3, shows that extra-marital affairs that any couple has in the family business after being successful are significantly influencing the high rate of divorce or marriage failure among family

business couples. The coefficient of extramarital affairs was 0.025 less than 0.05 and this means statistically significant was at  $P < 0.05$  probability level with the negative  $\beta = -2.603$ . This implies that due to extramarital affairs of family business couples led to increasing marriage failure. This means that the rate of marriage breakout increases by a factor of 0.052 if family business couples have extramarital affairs. This finding concurs with Cupona's (2021) results that the number of extramarital affairs and illegitimate children in the family increases the number of divorces among couples. Kirimi (2019), cement that extramarital affairs among couples influence more on family breakout than even socio-cultural factors.

### **Conflict resolution skills:**

Conflict resolution skills influence family business marital failures. Table 3, indicates the coefficient of conflict resolution skill was statistically significant at  $P < 0.05$  probability level with the negative  $\beta = -3.988$ . This implies that conflict resolution skills among family business couples reduce the chance of family business marital failure, odd ratio of conflict resolution skills decreases by a factor of 0.02. These results concur with that of Wagner et al, (2019) which suggest that conflict resolution skills have high room for prediction of marital stability or failure. Whereas poor conflict resolutions among family business couples result in misunderstanding and divorce, on the other hand, better conflict resolution skills ensure family stability.

### **Communication between Spouses:**

Table 3, shows that communication between spouses in the family business couples influence significantly in family business marital failures. The coefficient of communication between couples was statistically significance with a P value of 0.002 which is a  $P < 0.05$  probability level with a negative Beta ( $\beta = -0.040$ ). This implies that communication between couples makes them have fewer family breakouts whereas by the odd ratio of family business marital failure increases by a factor of 0.827 due to poor communication between family business couples. These results mean that

poor family business couples' communication could be a source of increasing rates of many family business marital failures as soon as they become successful because their status rises and despise their spouse. The findings of Haris & Kumar (2018), show that marital communication varies among different cultures but still communication between couples remains important in determining the stability of marriage. Better marital communication establishes a happy and long-lasting marriage while poor communication results in family breakout.

### **Succession factors:**

Results in Table 3, indicate that succession factors were statistically significant to influence family business marital failure at  $P < 0.05$  probability level. Negative Beta ( $\beta = -2.020$ ) implies that bias succession factor considerations like gender and cultural norms have a high rate of increasing family business marital failure, odd ratio of succession factors in consideration over family business marital failure decrease by 0.623, this means good and fair succession process in the family business cement strong and stable marriage and likewise unfair succession of family business may result into family business couple breakout.

### **Work-life balance:**

The results revealed that work-life balance was statistically significant at  $P < 0.05$  probability level in influencing family business marital failure as Table 3, shows the negative coefficient ( $\beta = -0.132$ ) implies that work-life balance among family business couples has a higher chance of influencing family business marital failure or stability. Poor work-life balance increases family business marital failure by a factor of 0.806. The results reflect that poor work-life balance encourages family business marriage to break due to the fact that their bond deteriorates ultimately resulting in divorce. According to Yucel (2017), results confirm that work-family balance is very important to ensure marital satisfaction, otherwise may result in marital failure (divorce).

### **Conclusion and Recommendation:**

#### **Conclusion:**

Regarding demographic characteristics, the study reveals a predominance of male respondents in

family businesses, with a significant portion having basic education levels. Marital status among respondents shows a notable proportion of singles and divorced individuals, indicating challenges in maintaining marriages within family business dynamics. Additionally, the economic status of family businesses highlights a prevalence of small-scale enterprises with low annual revenues.

The study identifies several factors influencing marital failures among successful family businesses. Extramarital affairs, conflict resolution skills, communication between spouses, succession factors, and work-life balance emerge as significant predictors of marital stability. Notably, extramarital affairs, lack of conflict resolution skills, poor communication, biased succession processes, and imbalanced work-life dynamics contribute to higher rates of marital failures among family business couples.

#### **Recommendations:**

Assurance based on the findings suggests the importance of addressing these factors to promote marital stability and business success within family enterprises. Interventions aimed at enhancing conflict resolution skills, fostering effective communication, ensuring fair succession processes, and promoting work-life balance can mitigate the risk of marital failures among family business couples. Additionally, educational programs and support systems tailored to the unique challenges of family businesses can equip individuals with the necessary skills to navigate both personal and professional spheres successfully.

#### **References:**

1. Anderson, A. R., Jack, S. L., & Dodd, S. D. (2016). The role of family members in entrepreneurial networks: Beyond the boundaries of the family firm. In *Entrepreneurial process and social networks* (pp. 236-262). Edward Elgar Publishing.
2. Hanna, S. M. (2018). *The practice of family therapy: Key elements across models*. Routledge.

3. Haris, F., & Kumar, A. (2018). Marital satisfaction and communication skills among married couples. *Indian journal of social research*, 59(1), 35-44.
4. Jaskiewicz, P., & Dyer, W. G. (2017). Addressing the elephant in the room: Disentangling family heterogeneity to advance family business research. *Family Business Review*, 30(2), 111-118.
5. Jaskiewicz, P., Combs, J. G., Shanine, K. K., & Kacmar, K. M. (2017). Introducing the family: A review of family science with implications for management research. *Academy of Management Annals*, 11(1), 309-341.
6. Jayawarna, D., Marlow, S., & Swail, J. (2021). A gendered life course explanation of the exit decision in the context of household dynamics. *Entrepreneurship Theory and Practice*, 45(6), 1394-1430.
7. Muriithi, S. (2017). African small and medium enterprises (SMEs) contributions, challenges and solutions.
8. Neubauer, F., & Lank, A. G. (2016). *The family business: Its governance for sustainability*. Springer.
9. Pfeffer, F. T., & Killewald, A. (2018). Generations of advantage. Multigenerational correlations in family wealth. *Social Forces*, 96(4), 1411-1442.
10. Qiu, H., & Freel, M. (2020). Managing family-related conflicts in family businesses: A review and research agenda. *Family Business Review*, 33(1), 90-113.
11. Von Schlippe, A., Rösen, T., & Groth, T. (2021). The two sides of the business family. *Governance and strategy across generations*.
12. Wagner, A., Mosmann, C. P., Scheeren, P., & Levandowski, D. C. (2019). Conflict, conflict resolution and marital quality. *Paidéia (Ribeirão Preto)*, 29, e2919.
13. Yucel, D. (2017). Work-family balance and marital satisfaction: The mediating effects of mental and physical health. *Society and Mental Health*, 7(3), 175-195.