

# **Appraisal of Organizational Creativity on Performance of Family Business in Nigeria**

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## **Abstract**

This study assessed whether creativity has significantly affected the performance of family businesses in Nigeria. The study employed survey research design. The study was carried out among the families that have been in businesses for a long period of time in Anambra State, Nigeria. A sample size of eighty nine (89) family businesses was randomly selected from among others in the state. The questionnaire was designed in five Likert Scale form. A pre-test on the questionnaire to ensure the validity of the instrument was conducted by the researchers. Data collected were presented in frequency tables and one sample t-test was employed to examine the influence of creativity on performance of family business. The finding revealed that creativity has significantly affected the performance of family businesses. Subsequently, recommended that family business should be established in partner with higher institution of learning as this facilitates formal training via workshops on creativity in the country.

**Keywords:** Creativity, Family Business and Performance

## **Introduction**

Nigeria is blessed with both human and mineral resources and the country is the most populous in Africa with over 170 million people. Nigeria is one of the largest oil producing countries in the world and it has largest economy in Africa (Odebiyi, Ijiwole & Abodunde, 2017). Despite these indices of greatness and opportunities, Nigeria cannot find its feet among the comity of nations. Nigeria citizens are wallowing in abysmal poverty due to high rate of unemployment. To support this assertion, Adogamhe (2007) reported that notwithstanding vast oil wealth and abundant human resources in Nigeria, frequent changing in oil prices and mismanagement of the available resources have affected the economic progress and rendered the live of common man in suffered hardship.

However, the result which was attained in the linking of employee's creativity with performance of the businesses had a very inclusive effect, it had a positive effect on each other explaining the fact that it normally takes some stages to get to new knowledge at a given period. In this case, the individual is able to come up with new ideals which tends to be creative and efficient having positive relation on the organization performance (Jaussi & Dionne, 2003). On the other hand, employee's creativity can be enhanced in the organization by empowering the employee as well

giving feedback on how they achieved their goals, giving them free hand how they want to achieve those goals which will result to enhance performance beyond imagination (Dvir, Eden, Avolio & Shamir, 2002).

Family businesses have been tagged as an alternative paradigm to poverty alleviation and employment generation globally. Odebiyi et al, (2017) documented that family businesses is a driving force for economic growth and development. Family-owned businesses provide job opportunities up to 79% and contributed about two-third of GDP in India as well generated about 85% employment and account for about 50% of the GDP in Brazil (Bernard, 2013). According to Family Firm Institute, (2014), family-owned businesses account for about 70 and 95% of all business entities in most countries around the world and also create between 50 and 80% employment

Realizing the pivotal role of family businesses in employment generation and poverty alleviation, successful governments put up strategies and programmes in place to ensure the survival, continuity and longevity of family businesses in Nigeria. Many of the family owned business is still facing significant challenges of continuity and success and many of them were unable to sustain their enterprises to the next level. On this note, this study assessed whether creativity has significantly affected the performance of family businesses in Nigeria.

## **Review of Related Literature**

### **Organizational Creativity**

Organizational Creativity was defined as the ability to generate new and useful ideas that concern products, services, processes, managerial practices as well as competitive strategies. According to Olszak & Kisielnicki (2016), organizational is the main vehicle of organizational development and the basis for staying in the market and innovative success. Derecskei (2014) pointed out that organizational creativity is “a new and valuable (useful) idea. It is the result of a joint effort, which has been achieved with regard to emerging problems at work, taking into account the factors influencing it”.

According to Beheshtifar, Kamani-Fard (2013), organizational creativity is the creation of a new product, service, idea, procedure, or process that is of valuable to individuals working together in a complex social system. Based on the aforementioned, the researchers argue that organizational

creativity is the process of creating new ideas or developing existing ones in order to ascertain a new work that has never been created either on the product or service. Abdul and Shaima'a, (2018) reported that this development may be at the level of the individual or community within the organization. It is based on knowledge and skill, and experience may sometimes be involved.

### **Family Business**

Family businesses are the oldest and most common type of business in the world, thus, it remains the founder of overall socio-economic development regardless of scale of operation, legal form and industrial activity (Poutziouris, Smyrnios & Klein, 2006). According to Litz, Pearson and Litchfield (2012), family business research emerged in the 1960s from essentially practitioner research and was not initially accepted as a discrete field of academic research by business schools. There no universal acceptable definition of family business. The definition of family business varies from author to author and from country to country. Reay and Whetten (2011) define family business as a corporation that is majorly owned by the members of a single family. In other words, a family business is a business in which members of a family have significant ownership interest and significant commitments towards the business' overall well-being. European Family Businesses (2012) sees family business as any business in which majority of the ownership or control lies within a family and in which two or more family members are directly involved. They went further to posit that it is also a complex, dual system consisting of the family and the business.

According to International Finance Corporation (2012), family businesses range from small and medium-sized companies to large conglomerates that operate in multiple industries and countries. Hisrich, Peters and Shepard (2008) also define family business as one family controls the ownership totally or mainly, but the family does not need to deal with the management issue directly. Family business constitutes the whole gamut of enterprises in which an entrepreneur and one or more family members have a significant influence on the enterprises via their participation, their ownership control, their strategic management, and so on. According to the author, participation refers to the nature of the involvement of family members in the firms, whether as part of management team, board of directors, or shareholders. According to the European Commission (ECC) family business review (2009), family business is a term which is

exclusively applied to every conceivable area, such as public and policy discussions, to legal regulations, as an eligibility criterion for support services, and to the provision of statistical data and academic research.

### **The Need for Creativity in Family Businesses**

In today's rapidly changing business environment, there is no doubt that creativity and innovation are key factors in family business growth. Empirical studies support the existence of the relationship between creativity and innovative behaviour of family businesses and their performance (Norek 2014; Osaenwe, 2012). Osaenwe (2012) argues that creativity and innovation are only managerial tools that can help family businesses to achieve competitive advantage over other businesses through improving the quality of its product and improving the production process. In the same vein, Kuo and Wu (2008) assert that competitive advantage in term of organization's ability to perform in one or more ways than competitors can only be achieved through creativity and innovation. Letenyei (2001) also re-affirms that creativity and innovation are associated with competitive advantage in both growing and mature markets. Similarly, Hisrich, Peters and Shepard (2008) opine that the chances of a family firm to survive and to be successful are becoming ever more dependent on creativity and innovation. Not only product innovation is important to maintain a sufficient market share, but also process innovation to produce below price level, and social innovation to maintain a flexible and durable organization. In another study, Anderson, Potonik and Zhou (2014) agree that creativity and innovation are elements of managerial competency that increasing the effectiveness of managers in conditions of the dynamically changing environment.

This implies that for small and medium family enterprises to remain and wax stronger in a global competitive environment, there is need for these businesses to continuously search for the development of its product and services through creativity and innovation.

### **Empirical Studies**

Abdul and Shaima'a (2018) ascertained the effect of organizational creativity on the performance organization using Jordanian pharmaceutical companies. The multiple linear regression test was used to test this hypothesis. The results showed that all dimensions of organizational creativity achieved high levels of importance, according to the respondents' answers, where the challenge

dimension was ranked first, while the freedom of thought was ranked last. María-del-Mar and Cristina (2017) ascertained the creativity level of business administration undergraduates who have attended an entrepreneurship seminar in contrast to those that have not. Adoption-Innovation (KAI) inventory was employed for a start-up seminar students and a control sample. Non-parametric tests were carried out on the responses. The results show that Spanish business students' entrepreneurial intentions are not conditioned by entrepreneurial courses, parental self-employment or by their creativity level. Odebiyi, Ijiwole and Abodunde (2017) determined the effect of creativity and innovation on the entrepreneurial performance of family business. Data analysis was performed with the aid of Ordinary Linear Square (OLS) and Factor Analysis. Results show that creativity and innovation have significant influence on family business performance in term of profit level, productivity and customer satisfaction. Gontur, Davireng and Gadi (2016) determined the extent of the relationship between creativity, innovation and competitive advantage. Pearson product moment correlation coefficient was used to analyze the hypotheses using Statistical Package for Social Science (SPSS). The research concluded that creativity and innovation are instrumental in increasing the country's competitiveness and entrepreneurship development. Humera and Muhammad (2016) reason for conducting this research was to find out the relationship between employee's creativity and its impact on performance of the firm. Using questionnaires in which it was found out that most of the case was that if employees are empowered that will have a positive impact on the performance of the firm. Empowering the employee would lead in utilizing the resources efficiently, effectively which will lead to maximizing the firm overall performance and market share as well. Mohammad, Asad, Muhammad, Naveed and Rao (2011) assessed the impact of innovation, technology and economic growth on the entrepreneurial activities. Correlation and Regression model has been used for this purpose. The results showed that these variables are highly correlated with the dependent factor "Entrepreneurship".

Previous studies revealed that all dimensions of organizational creativity achieved high levels of importance. Moreover, creativity has significant influence on family business performance in term of profit level, productivity and customer satisfaction. However, some of the family owned businesses are still facing significant challenges of continuity and success and many of them were unable to sustain their enterprises to the next level.

## Methodology

This study employed survey research design. The study was carried out among the families that have been in businesses for a long period of time in Anambra State, Nigeria. This area was chosen, hence the state is the among the highest commercial/businesses activities in Nigeria.

A sample size of eighty nine (85) family businesses was randomly selected from among others in the state. The questionnaire was designed in five Likert Scale form. a pre-test on the questionnaire to ensure the validity of the instrument was conducted by the researchers. Data collected were presented in frequency tables. Out of 89 questionnaires that were distributed, 76 responses were retrieved, with a rate of (85%).

One sample t-test was employed to examine the influence of creativity on performance of family business.

## Data Analysis

**Table 1: Summary of data analysis creativity and performance of family businesses**

S/N	Questions	SA	A	U	SD	D
	Creativity provide the family businesses with following:					
1	Enhances profit level	21	34	3	4	14
2	Productivity	18	41	0	0	17
3	Create job opportunity	23	35	0	1	17
4	Customer satisfaction	30	42	1	0	3
5	Socio-economic development	20	40	0	0	16

*Source: Field Survey, 2020*

## Test of Hypothesis

Ho: Organizational Creativity has not significantly affected the performance of family businesses.

**Table 2: One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
CTR	2	152.0000	56.56854	40.00000
FBP	2	36.0000	43.84062	31.00000

**Table 3: One-Sample Test**

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
CTR	3.800	1	.164	152.00000	-356.2482	660.2482
FBP	1.161	1	.453	36.00000	-357.8923	429.8923

From the above one sample t-test table, the outcome from the questions tested shows that the calculated t-values are higher than the table t- values. This means that the creativity has significant effect on family business performance in term of enhancing profit level, create job opportunity for some family, productivity, and assist in customer satisfaction and socio-economic development. Since the calculated t-value is 3.961 and the table t-value is 1.812; it means that calculated t-value is greater than the table t-value. We therefore reject null hypothesis and uphold alternative hypothesis which states that creativity has significantly affect the performance of family businesses.

## CONCLUSION AND RECOMMENDATIONS

This research work examined the effect of creativity on performance of family business. The study revealed that creativity has significant effect on family business performance in term of enhancing profit level, create job opportunity for some family, productivity, and assist in customer satisfaction and socio-economic development among others. However, lack of infrastructural facilities and lack of knowledge are most factors affecting the effectiveness of creativity in Nigeria. Based on these findings, the study concludes that creativity is major predictors of family business survival in a global competitive environment, which needs urgent attention.

Subsequently, family business should be established in partner with higher institution of learning as this facilitates formal training via workshops on creativity in the country. the study recommended that government should provide enabling environment for family business to





employ new technology as this will enhance productivity and reduces the cost of production.  
Also

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