

Entitlement Mentality: Undertones in Unproductive Conflict in Family Businesses

Andrea Santiago



A Family in Business



58, President



55, Mom



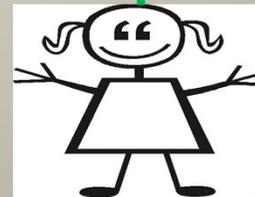
33, nerd



32, str
sm



30, finance employee



26, adopted



15, student



HOW SHOULD BE THE NEXT BUSINESS LEADER?

Another Family in Business

Male, 58, inactive
M, 2 kids (10, 20)



Male, 56, SVP
M, 7 kids (15-28)



Female, 55, SVP
M, 2 kids (19, 22)



Male, 54, EVP
M, 4 kids (12-18)



Male, 51, President
M, 5 kids (9-22)



Female, 50, SVP
S, 0 kids



deceased
M, 2 kids (9, 10)



Female, 46, SVP
S, 0 kids



Male, 44, SVP
S, 0 kids



deceased
M, 2 kids



Female, 39, SVP
S, 0 kids

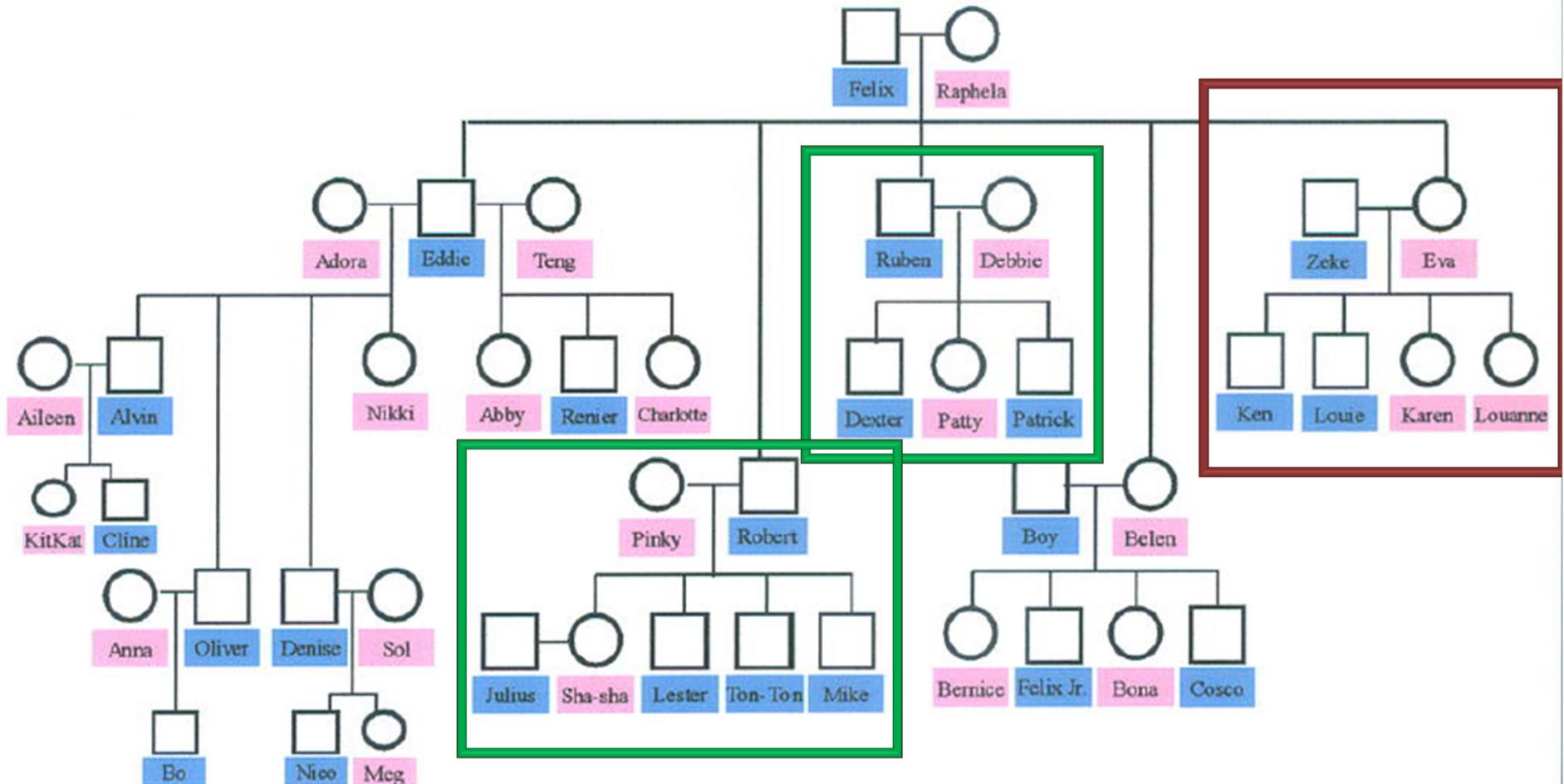


Male, 37, SVP
M, 0 kids



HOW SHOULD FAMILY WEALTH BE DISTRIBUTED? AND BUSINESS?

Still Another Family in Business







www.wordorigins.org



www.dreamstime.com

WANTS

Things we don't really need but would like to have.

NEEDS

Things we must have in order to stay alive.

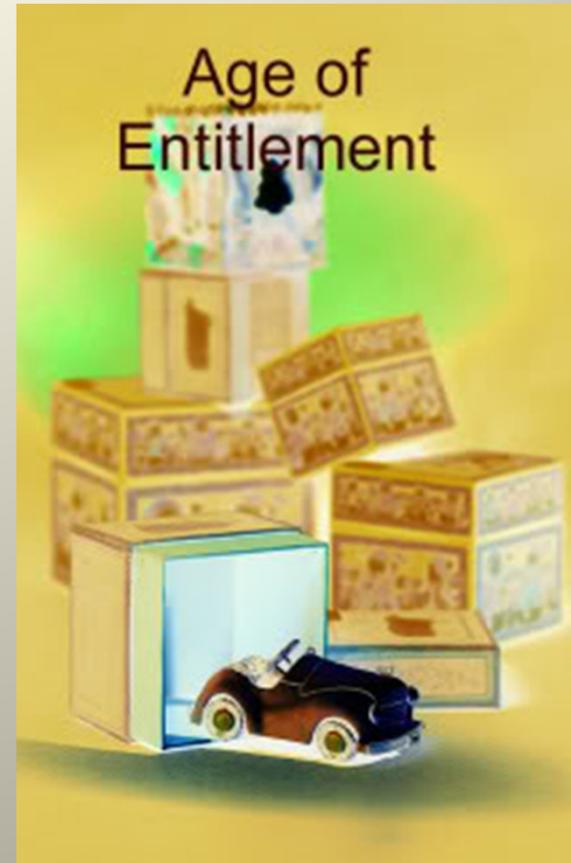
What
Really
Happens
When We
Give Kids
Everything
They Want



**It seems to me that
guaranteeing a kid a
certain amount of money
may mean kids grow up
with a sense of
entitlement.**

Lewis Mandell

QUOTE-ID.COM



Expectations

- unconditional employment
- distinct treatment compared to those who are not part of the family
- assurance that the family wealth will be inherited

What is fair?



- Contributing factor of inheritance laws

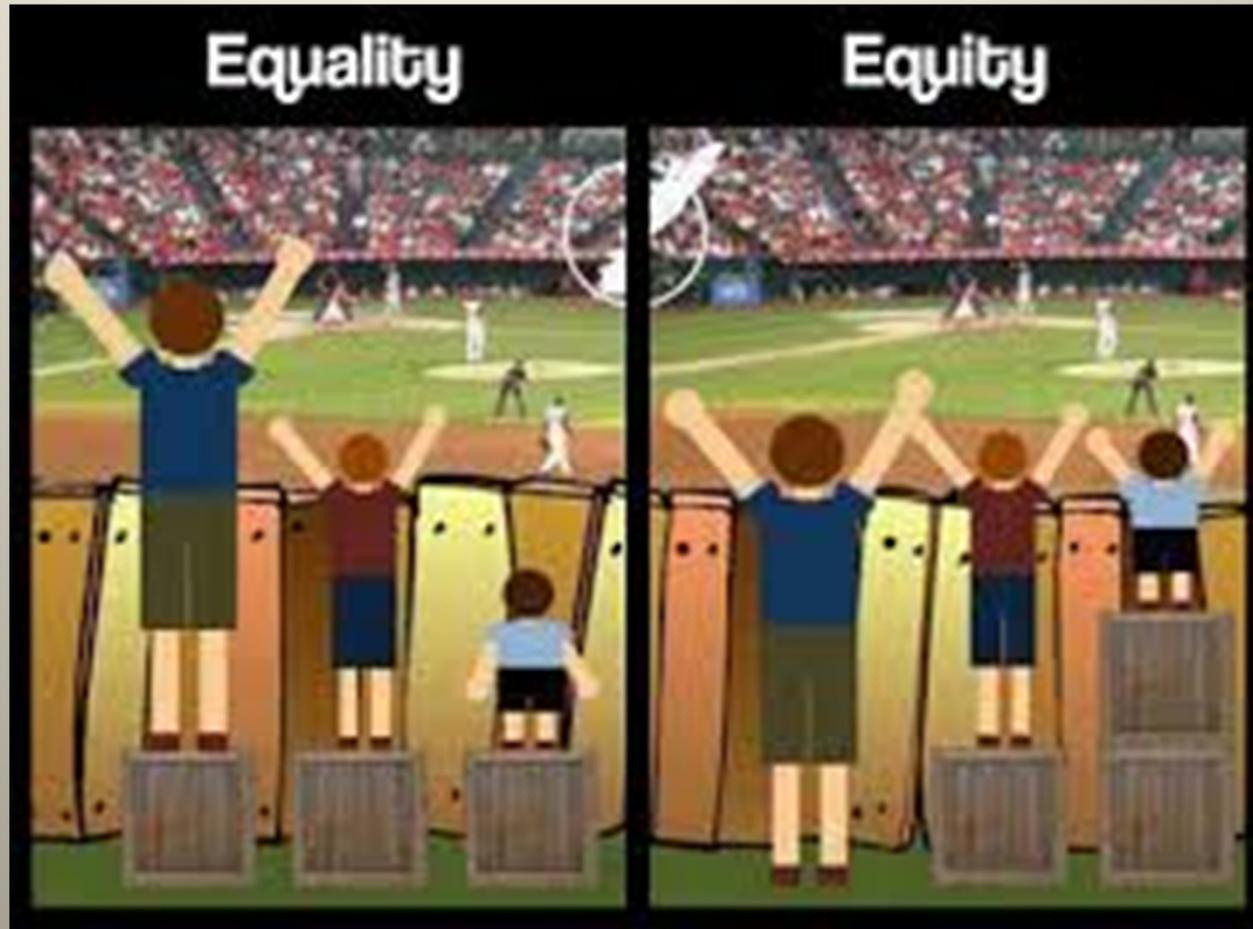


What is fair?

- Equality
- Equity
- Merit
- Depends on owner



ENTITLEMENT



www.pinterest.com

For as long as there are assets, entitled family members will stake a claim



It's not for me. It's for my children.



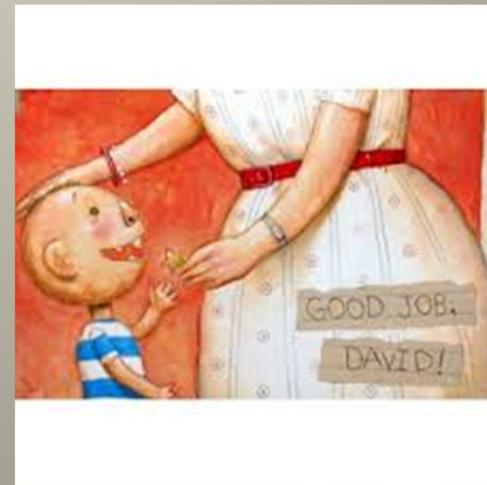
- Need to correct the perceived inequity in the distribution of family wealth
- Previously accepted norm of equality no longer resonated among all siblings
- Absence of a dominant figure to take care of their needs
- Struggle to protect the interest of “my” family branch



- If there is no sense of entitlement, there is no question of fairness



Entitlement: A Learned Behavior



If you want children
to keep their feet
on the ground,
put some
responsibility
on their shoulders.

-Abigail Van Buren -

sustainable
Business
Family
Wealth
Generation
Children

TASK

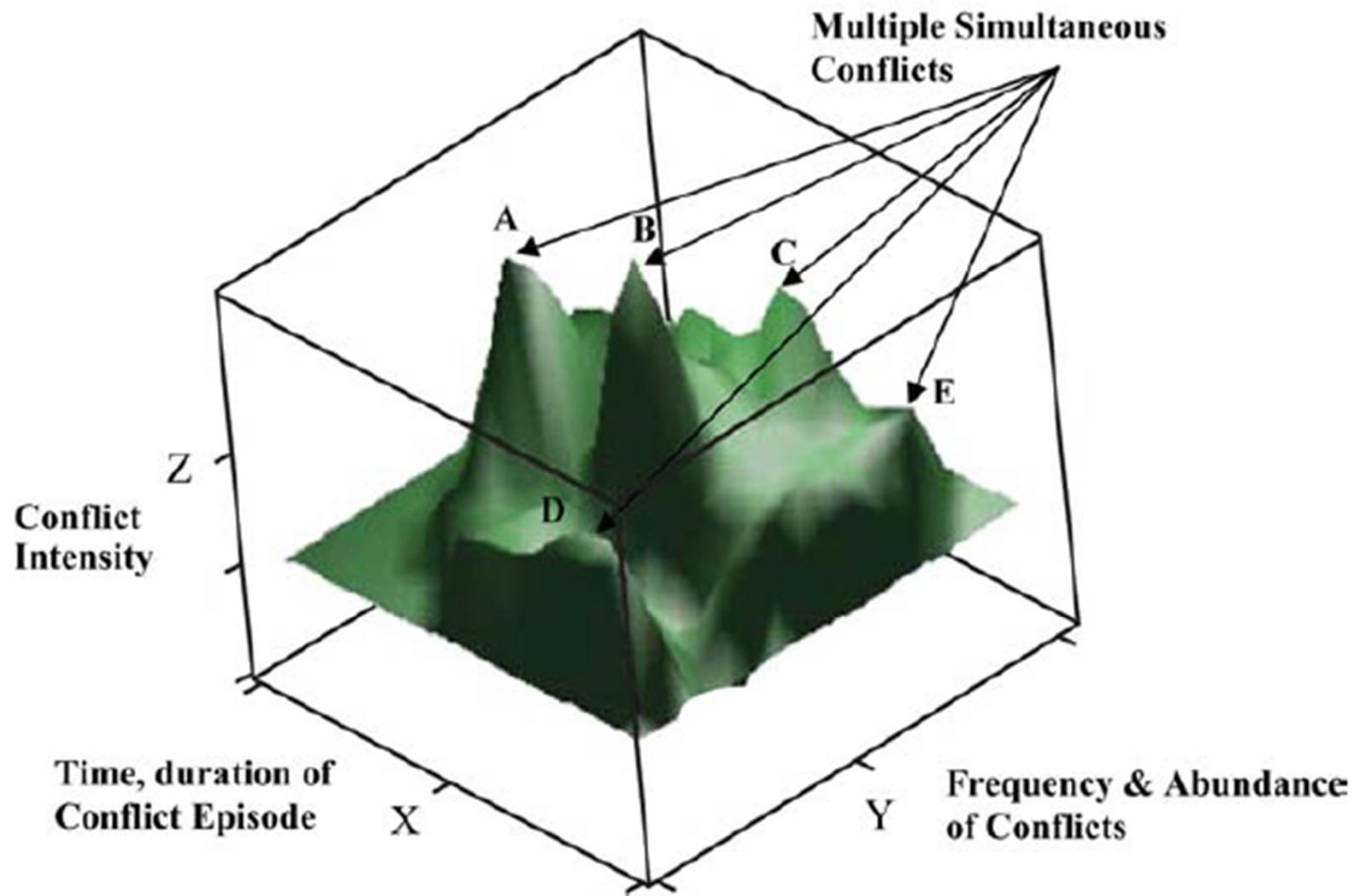
PROCESS

RELATION-
SHIP



The NORM

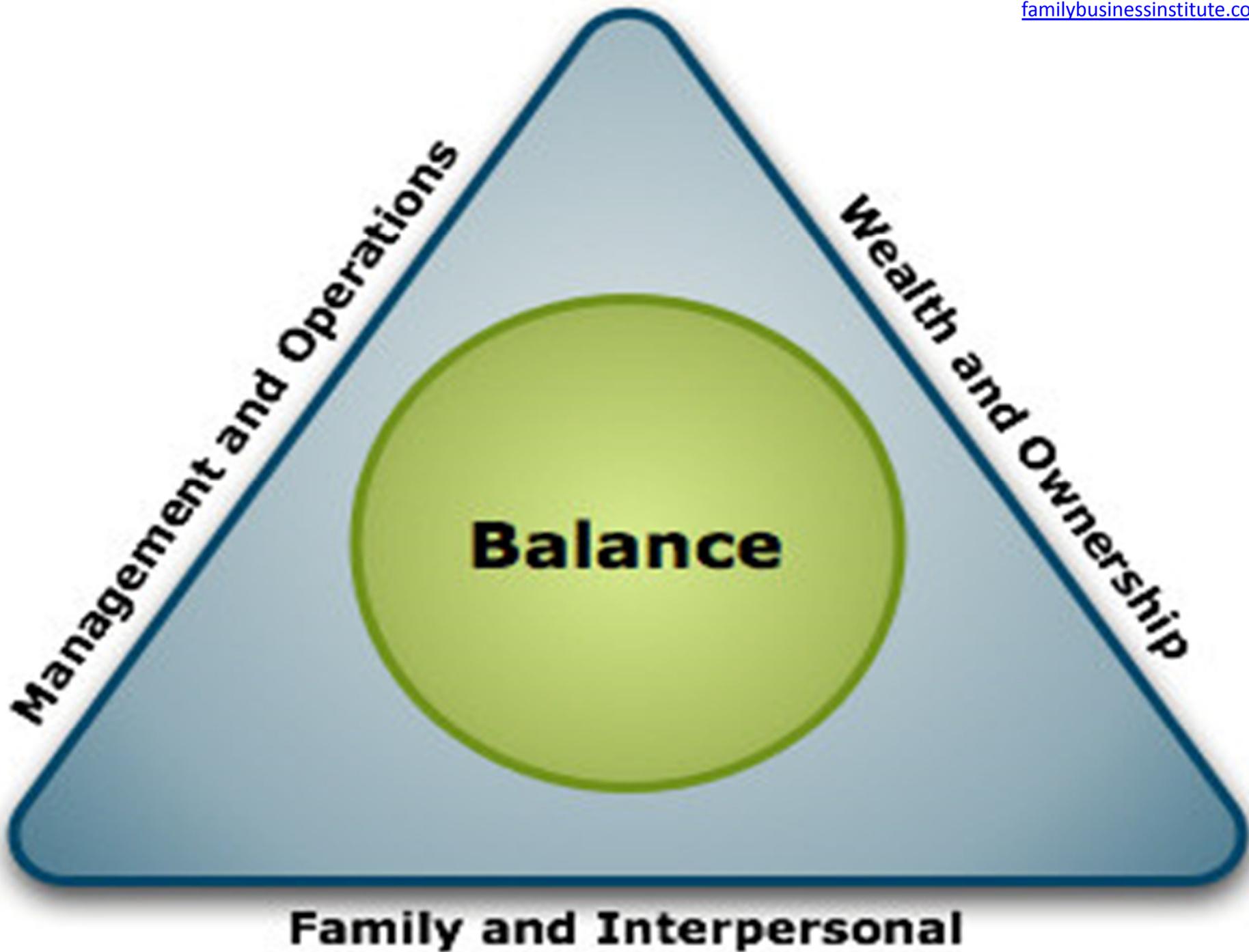
Beyond Two Dimensions



Business families that are able to resolve their entitlement mentality are able to focus family efforts on addressing business issues, which increases the chance of business sustainability

Our Family Business Tree







Small versus large families



- Death of the dominant owner



Impact

Number of Family Business

R.A. 9501:
Magna Carta for
Micro, Small, and
Medium Enterprises

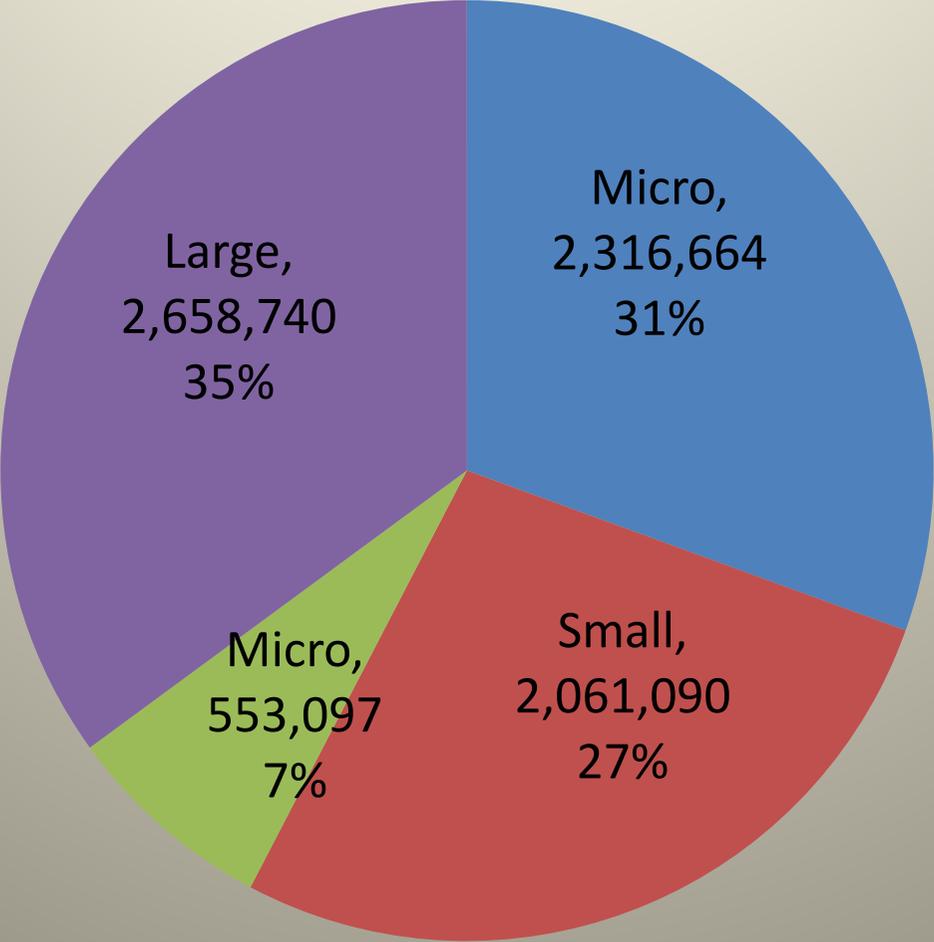


MSMEs are generally family owned

99.58% of registered businesses are MSMEs

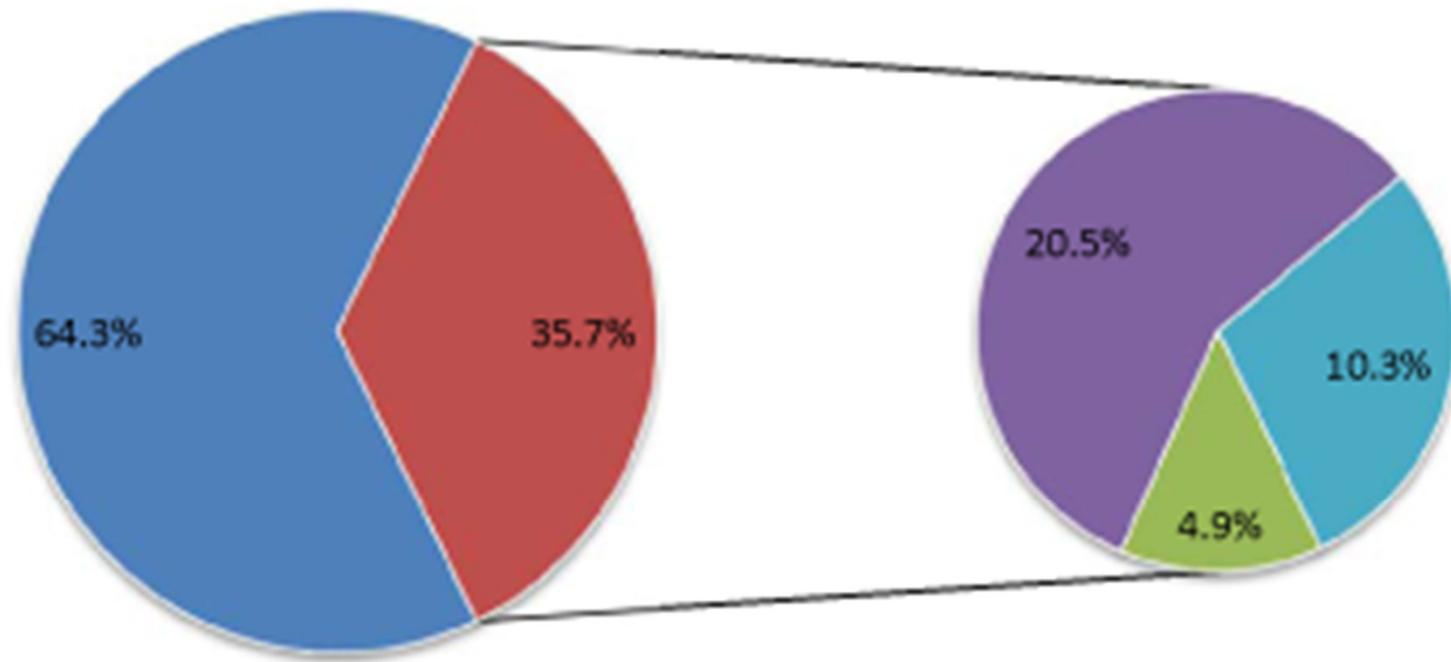
944,897 registered businesses
(in 2012)

Employment



Value Added

Value Added



■ Large Enterprises ■ MSMEs ■ Micro ■ Small ■ Medium

Top Philippine Businessmen

First Gen
88 y.o.
6 children

First Gen
91 y.o.
6 children



First Gen
81 y.o.
6 children

First Gen
63 y.o.
4 children

First Gen
94 y.o.
8 children

First Gen
83 y.o.
5 children



Second
Gen
63 y.o.
3 children

First Gen
61 y.o.
3 children

2015 Nominal GDP \$330 billion

Policy Implications

- Education: Inclusion in practical and business education
- Entrepreneurship Policy: In addition to training on technical skills and financial assistance, management of family
- Government Reports: Information on family ownership and management
- SEC: Independent directors and transparency
- Research Support: Family firm performance

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