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## COMMENT: Fox shake-up will show if Rupert has oiled the Murdoch machine

[Anthony Devine](#), from Newcastle Business School, discusses who will take the reins from Rupert Murdoch as he stands down as CEO of 21st Century Fox.

It looks as if the next generation of Murdochs has officially been appointed. Reports from a variety of sources suggest that 83-year-old [Rupert Murdoch is stepping down](#) as CEO of 21st Century Fox and assuming the role of co-Executive chairman along with his eldest son Lachlan, 43. Younger son James, aged 42, is meanwhile taking the reins as CEO. One has to wonder how much this will change things within the business and the extent to

which the sons actually have any influence over their father's decisions.

The obvious question is whether these appointments have been made on the basis of patrimony rather than in a meritocratic way? In a family run plumbing company it might make sense, but when the family's equity capital is split with outside investors, it is a clear source of tension – James has suffered [scrutiny from investors before now](#). The discussion boils down a question of whose needs are the management serving; their own or those of the shareholders?

## **Who pulls the strings?**

It is likely that even if Lachlan and James are given these positions, their father will still hold sway over the family business. But how long will the two brothers put up with their father's interfering? One of the major sources of tension in families who are undergoing a succession process is the conflict which becomes apparent between incumbent and successor.

[In the driving seat. Who will be top dog? TheGiantVermin, CC BY-NC-ND](#)

This is often to do with an inability of the founder or incumbent to “let the business go.” In some recent work I undertook, one incumbent told me:

The only way they will get me out of this place is in a wooden box.

This inability to let go frustrates the successor because they are unable to put their stamp on the business. They are constantly getting direction from a parent. It has been reported that Lachlan and James will [enter into a “partnership”](#), but again one has to wonder how this will actually work in practice.

It is very common for families to think that a solution is to put both sons in charge of the business and they will work well together, however after a period of time conflict emerges because they are fighting for position and influence. This fight can sometimes be [due to conflicting values](#), perhaps exacerbated by the generational shift that occurs.

## **Does the daughter ever rise?**

Within all of this there is one person who has not been considered in the press – Rupert’s daughter, Elisabeth Murdoch. At 46, Elisabeth is the eldest of the three siblings and has never been considered for a role in 21st Century Fox.

### [Sons & Daughters. Love and Laughter? Nordiske Mediedager, CC BY-SA](#)

This is yet another issue which is a common cause of conflict in family businesses; when there are children of both genders. [Much research shows](#) that fathers will always favour male successors – not because they do not trust their daughters, but because they feel they would worry less about sons making mistakes.

This notion of primogeniture is still very apparent in modern society, even if the most famous family business of all, the British Royal Family, has struck a blow against it by [abolishing a 300-year-old rule](#) according to which the Crown is passed to the oldest male heir.

### **Does anyone notice?**

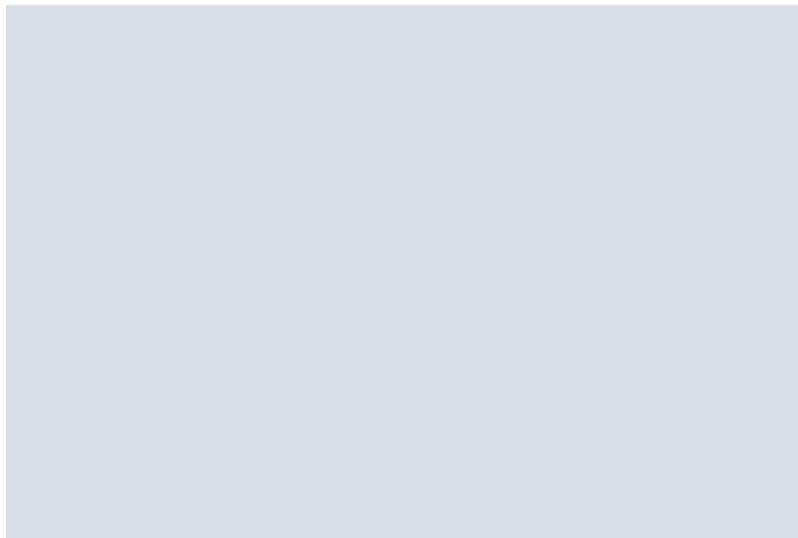
In businesses where families own a large portion of the voting stock, unclear and unstable succession plans can have a detrimental impact on shareholder confidence. Fox shares have only nudged lower since the reports surfaced, but market watchers have put that down to the apparent [continuity of the restructuring](#). The trick now will be to retain that stability and create assurances around how the relationships are going to work. Any change of this sort will throw up potential conflicts between generations and between siblings which could get investors worrying.

Of course conflict is not always a bad thing; it comes in different flavours. But relationship conflict is the most dangerous kind and can be detrimental to the business. A recent article I wrote for the [Family Firm Institute](#) highlights how different types of conflict [affect families](#).

Task and process conflict are commonplace in all businesses – including family firms. These types of conflict centre around what should be done and how it should be achieved. Relationship conflict, however, is about personal feelings of dislike. Of course, there is relationship conflict in non-family firms,

but the key difference is that the individuals within family firms are often very close and may even live together. Those in non-family firms go home to a different set of people; families remain family, inside and outside of the workplace.

Markets and investors will be fascinated, and worried, about what this heady brew might bring. More clarity will be needed at Fox's next board meeting to better understand the strategy and the market reaction. One thing is for sure; if the Murdoch machine is to keep running, the component parts need to work together.



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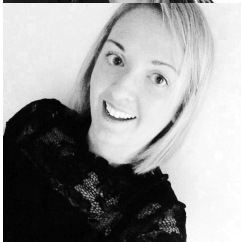


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