FAMILY BUSINESS SUCCESSION: CHALLENGES AND OPTIONS A DEVELOPING ECONOMY EXPERIENCE

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Abstract

The study of the relationship between family and business is receiving widespread attention from a variety of audience including academia, consultancy and policy support agencies. Despite The importance of family owned businesses in modern economies, family businesses in the developing economies have received little attention in research in the developing economies not minding that the institution of family and economy have always been broadly interrelated. The research instrument used for data collection was questionnaire structured in line with 5 point Likert scale. A sample size of 553 was used. The completed questionnaire was collected, coded and subsequently analyzed using ANOVA. The findings reveal that there are significant challenges of traditional inheritance system, polygamy, pride of ownership, attitude of other family member, etc. Vision and drive, value and standards, communication skill, individual personality, patience and openness are individual qualities that help family business succession activities.

Keywords: Family business, succession, challenges, developing economy, tradition and culture.

Introduction

Throughout history the institutions of family and economy have always been broadly interrelated (Carter and Jones-Evans, 2006). The proportion of family business surviving through to the third generation and beyond is small (Leach, 1994). His research shows that only 24 percent of family businesses survive to the second generation and only 14 percent survive to the next generation. Many family businesses in developing economies of Sub-Saharan African countries have been experiencing challenges of survival most especially when their founders are no longer able to continue.

For a family business, transition is once-in-a-lifetime decision (Harvey, 2004). Perhaps no challenge has as much potential to exacerbate the stresses that go with the health and longevity of a family business. This cannot be escaped by family business owners. Naturally a family business at some point in time will transfer ownership. In most cases this will be generational transfer of ownership to keep the business family owned (Smyrnios, and Walker, 2003). Reluctant as many families may be to tackle the issue, the health and longevity of family business depends on careful transition. Doing so will increase the likelihood that the business will endure well beyond the leadership transition, delivering lasting value to their family (Weathead et al,2002). The goal is to ensure that the family interest and the business are well served. For most families and closely held businesses, succession is the toughest and most critical challenge they face. Yet succession can also be a great opportunity to maximize opportunities and create a multi-generational institution that embodies the values and mission for generations to come. Possibly this is the most important business decision one will ever make and almost the toughest (Chrisman et al, 2003).

Although some of these organizations have survived several years and have physical, capital and organizational resources yet they failed to achieve in most cases smooth transition (Heck and kaye, 2004) . As this will assist them to adapt or find better ways of doing things essentially in response to the demands of succession in its environment (Poutzioris, 2005): Becoming and remaining – the winner i.e. continuing to survive will require a successor that has ever increasing ability to take the right decisions and to execute those decisions more effectively than their predecessors and competitors. Success arises from being different and then being prepared to change again to search, explore or exploit new opportunities for satisfying human wants and needs in a competitive business arena. This involves generation of ideas, alternatives, innovations and the transformation of those ideas and alternatives into useful applications that lead to change and improvement that allows the business to find position in its industry (Iyer, 2009; Porter, 1980).

In today's business environment an essential element to a family business and indeed any organization's survival is for managers to manage at the speed of change. It takes creativity and innovation to sustain the competitive position of the business. Managers that are effective are rapidly bringing innovative products and services to the market always to gain a huge competitive edge in today's business world (Arora, 2007).This means analyzing what factors that are necessary for business long-term survival which involves building and sustaining a thriving family business generation after generation. This is determined by several conflicting factors mostly cultural and social factors prevalent in their environment. It includes the training, experience, judgment, intelligence, relationships insight of the individual founder and individual successor. As the future of these businesses are dependent on the quality and meaningful contributions of their founders and successors. In addition, managerial ability helps business effect a cultural change that enables organization incorporates management practices into its overall business operations. This will assist business organizations to maintain effective internal and external capacity to check waste that leads to high cost of production.

Family business succession system may lead to creative environmental policies, setting objectives and targets, implementing programs to achieving those objectives, monitoring and measuring its effectiveness correcting problems and reviewing the system to improve it and its overall performance in business activities (Zahra et al., 2004). This repositions the business towards achieving competitive advantage that will improve ultimately its economic position and places it on the path of survival and growth (Eifert, 2005:, Imaga, 1990). All in a bid to building a sustainable, thriving business that survive generation after generation.

Literature Review

Family Business Succession refers to handing over or entrusting the control and management of business organization from one member of the family to the other- to a son, daughter, wife, or husband and /or to a person of common ancestry; that is a group of related individuals (Omo-Ikiroda, 2017). In the words of Ikeagwu (2016) family business succession is the process of training and preparing family members in a company or an organization so that there will always be a member of the family to replace a senior manager or business owner that leaves. Aligning with the above statement 21ft Century Dictionary (2016) refers to family business as a process by which members of a family consequentially replaces one another in a company or an organization. Again family business succession refers to a situation in which a firm that is actively owned and managed by members of the same family whose leadership and management are being handed over from one generation to generation (Gold, 2008).

Deakins and Freel (2006) therefore maintain that family businesses are those businesses similar to start-up small businesses that are owned and managed by people from the same family. In this sense, family refers to members of a group that are naturally related or related by blood. This involves one-person micro-business that the owner hopes, one day to pass on to his heirs (Mantle, 1999). Drucker (1995) argues that such businesses are either launched or developed and controlled by people from the same family or their heirs. In another development a work published by Family Business cited in Deakins and Freel (2006) the body maintains that family business also includes business that has a significant family presence such as ownership and management, not necessarily both. They further maintain that it includes numerous combinations of family members in various business roles include husband and wife, parents and children, extended families, and multiple generations playing the role of stockholders, board members, working partners, advisers and employees as it relates to who will lead the company in the next generation The family unit is also seen as important for imposing some control over daily task (Kanter,1989).

The family unit is seen as valuable source of labor- a place where traditional values and skills are passed on to the next generation of workers (Carter and Jones-Evans, 2006). Similar patterns are present in developing transition economies where the family unit is at best seen as a vehicle for stimulating enterprise and initiative or at worst a resource to be exploited for enterprise profitability (Scarborough, 2011). Indeed there is a well-established literature concerned with examining notions of family- what it means in different cultures and how families are sustained through social structures and psychological/social reproduction patterns or processes (Muller,1996). Cookson (1997) suggests that the study of family has a long history and tradition with roots not only in sociology and psychology but also social anthropology with interest in communities, clan, kinship patterns, and economic history with its attention to family dynasties.

Therefore the notion of family refers to group of people bound together by blood and marriage ties and can include the traditional nuclear form of family, extended family, kin groups and single-parent families (Muncie and Sapsford, 1997). Succession is achieved through the voluntary cooperation and efforts of other members of the family. This is to realize one of the major purposes of business which is to provide for the continuation of the business in the absence of the founder (Brown, 1999). For most families succession is the toughest and most critical challenges they face. Yet succession can be a great opportunity and could create a multi-generational institution that embodies their family's values and mission for generations to come (https//www.familybusinessinstitute.com). Therefore, policies and decisions are subject to significant influence by one or more family members (Baines, et al., 2002). Aldrich and Cliff (2003) maintain that this influence is exercised through ownership and sometime through the participation of family members in management. Family owned businesses are recognized as important and dynamic participants in the world economy (Schlosser,2005).

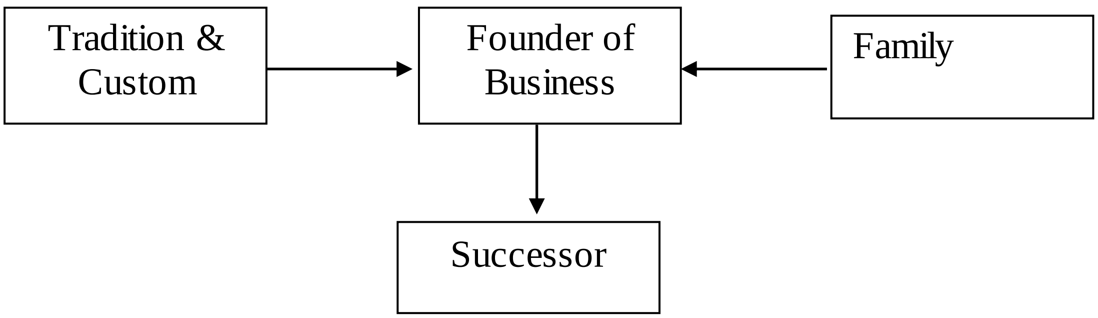

Figure 2: Model of family business succession

Family business succession is mostly influenced by traditional factors and factors from immediate and extended family. The environment in which the founder was born first presents a challenge of who should inherit his investment and what processes should be followed. The politics within both immediate and extended family especial from wife or wives, brothers and children weigh on the founder. Another significant challenge is the attitude of the founder himself. This involves what impression he or she has of his children and other extended family members. The successor of the business determines the continuous or otherwise of the family business after transition. It is either he employee's wisdom in dealing with issues emanating from family members or conflict will engulf the business.

Challenges facing family Business Succession

Traditional Inheritance System:

This is a system that confers position on family members based on seniority other than knowledge, expertise and experience (Akpala, 2002). It is an inheritance system or process prevalent in most Nigerian cultures which place the first son as the leader of the family after the death or retirement of their parents. The first son position at the death of their parents is equal to the position of his father when he was not retired nor incapacitated or alive. He takes control or custody of all their father's properties and investments and determines who gets what. In most cases he inherits the choice investments and properties of their father (Ewurum, 2016). The culture bestowed on him the leadership of the family. He steps into the fathers' position at death or retirement. The only condition that can deprive him of that is serious mental illness. Otherwise he takes control of the management of the family business not minding whether he has the intellectual disposition and understanding of the business. He steps in as the leader of their family above his younger brothers who are more competent to manage the business. This situation is completely opposite of managers in organization who use appropriate techniques to ensure that businesses are ever-better, right decisions are taken and right jobs are done (Iyer, 2009).

Prevalence of Polygamy

Polygamy is a traditional practice of having more than one husband or wife at the same time (Chembers, Dictionary). It creates a lot of mistrust, confusion, conflict etc as each family unit tries to outsmart the other to take control of the family business at the retirement or incapacitation or demise of their father (Edward,2006). Succession in family business becomes difficult in this situation resulting in conflict. At times the conflict lead to total shut down of the family business. The scramble for ownership of the business and other properties become the preoccupation of every member of the family (Omenka, 2017). The common ground among the members of the family is suspicion. Every statement, move or discussion for peaceful resolution of the matter is a suspect. This is because there is a total mistrust among the members of the family. Even members of their extended family who should rally round and call their relations to order would not do so. Instead they would prefer to take sides with the family unit they feel their own interest will be better served (Okonkwo, 2009). The conflict and the confusion most often lingers until the family business is handed over to estate trustees to manage and give the proceeds to the family or the family business is sold off and the proceeds shared among the children and other stockholders of the business. Often these businesses are sold below their actual worth (Obiekwu, 2010).

Pride of Ownership/Lack of Trust:

The problem arises out of the founder of the family business not having trust in his children's abilities or not seeing them as matured thereby not giving the children the opportunity to learn the business from him and acquire the relevant skills (Keogh, Stewart and Taylor, 2001). Again most family businesses in Nigeria are run as a sole proprietorship or at best a partnership. This is because a typical Nigerian would want to be in total control and management of his business. At times these businesses are certainly very big both in operation and size that ownership should be spread out for purposes of longevity. The pride and joy of the ownership would not allow the owners to handover the business to their siblings until it is too late (Alcon,1992). "This business is mine" is what motivates them. The ownership is not spread among his family members and he is both the Chairmen and the Managing Directors. He calls the shorts without consulting anybody. To him bringing other investors means allowing intruders to come and challenge his authority (Unamka and Ewurum, 1991). The advantage of sole proprietorship beclouds the family business owner's sense of reasoning. They forget that one of the major disadvantages of sole proprietorship is that the demise, incapacitation or retirement of owner may lead to closure of business.

Extended Family System/Dependency Ratio

Family businesses may include numerous combinations of family members in various business roles, including husband and wives, parents and children, extended families, and multiple generations playing the roles of stockholders, board members, working partners, advisors and employees (Levinson, 1971). Conflicts often arise due to the overlap of these roles. The ways in which individual family members communicate within the family and the organization, may be inappropriate in organizational or business environment. Likewise, personal concerns or rivalries may be carried over to the work place to the detriment of the business (Hamm, 2002). Every member of the family sees one another as equal partners and they do not have the fear of being punished for misbehavior by higher authority. And this behavior also encourages others who are not even the members of the family to misbehave equally. The hierarchy of authority is not respected because everybody is the member of the family (Martin, Martin and Mabbet, 2002). Many family businesses also have trouble determining guidelines or qualification of family member who are to be employed in the business. This is because employment is not actually based on qualification but on membership of the family (Okeke, 2015). These people may resist change and refuse to take risks. Even though such an attitude can inhibit business growth their interest is not how the business can be nurtured for grow but on satisfying their individual and personal interest. They show little or no commitment to growth and survival of business.

No Laid Down Succession Plan

Not laying a succession plan by family business owners most often throws family business into confusion at the demise, retirement, incapacitation of the founder of the business (Fletcher,2005). It does appear that making a plan on who will take over from them makes them feel that they are about to die or that they are too old. Therefore when there is unplanned or sudden withdrawal of the founder the whole organization is thrown into confusion (Fox, Niliknt and Hamilton, 2004). This situation arises from death or serious illness. Since this type of situation in most cases is unexpected (Nicholson, 2003). This situation is to a reasonable extent controllable if the founder had done the needful by having a laid down succession plan. But they are not comfortable seeing themselves leaving what they labored for throughout their life being taken over by other people. Indecision then becomes the norm rather than the exception (Deakins, Ishaq, Smallbone, Whittam and Wyper, 2004). But it is vital that the succession process be carefully planned before it becomes emergency issue due to the owner's illness or death. Lack of succession plan is a common underlying reason for a company to fail in the generational transition. This is so, because it involves who will lead the company in the next generation. They have the mindset that the successor is not prepared for the burden of full operational control of the business. Separating or leaving the business to the owner is like asking him to lay down his life for someone else (Karofsky, 2006; Mc Menamin, 2000).

Children Not Having Interest in the Business:

A family business has many problems in succession like, inheritance issues, prevalence of polygamy, lack of values and standards, as well as lack of laid down succession plan etc, and children of the founder of the business may not have interest in the business (Steier,2003). And since interest is not there, they will always refuse to succeed their fathers. This creates the problem of finding the rightful replacement. Again, all these take a lot of mentoring to arouse the interest of the children towards the business (Kristie, 2008). This off course may require improved technology, quality staff, better machines, higher quality tools. What it is they needed to get their job done slicker quicker, better, bigger, foster, more productively, cheaper, whatever that – should be provided (Mesiner, 2008). Most at times all this account for nothing because the children just don't want to be part of the business. They may be gainfully employed in a related industry where they are comfortable (Gray, 2008). Again family business owners' children might have grown up in different environment quite different from their home country where their father's businesses are situated. These are countries in Western Europe, Asian countries of Japan, South Korea, China, Hongkong, etc., where social, health and economic facilities are well provided. And they have also adapted successfully to the cultures of those countries.

Lack of Mentoring and Coaching

The role is to select the right players, to teach and develop and be made available for problem-oriented consultation, to review resource needs, to ask questions, and to listen to inputs from the successor (Sorenson, et al, 2002). People who are being expected to take over from the owner of business are needed to be mentored and coached. This is to acquaint them with the nitty-gritty of the business. Having knowledge of the secrets of the business is paramount for the success of the family business. When a business owner does not develop, coach and mentor anyone to function in his place, he makes no provision for the continuation of the business (Schlosser, 2005). Successors are made to understand where they are most likely to falter, where they would encounter the greatest problems, they would know the list of obligations as a manager and their obligation to their staff and to their company (White, 2000). A properly family succession business can combine successful operations over generations even during and temporary or permanent absence or withdrawal of the owner. Moreover, the permanent absence due to retirement, poor health, or even death must not cripple the business. The owner of family business is a role model who guides his successor by providing historical perspectives and sharing valuable advice on role to play and behavior to avoid. (Newstrom, 2015).

Individual Qualities that aid Success of Family Business Succession

Vision and Drive:

Successors to family business need vision to help their business grow into well-round business and the drive to ensure that the vision is carried out to its logical conclusion (Dess, Lumpkin and Eisner, 2009). Vision is just a mere wish if the drive is not there. Drive is the competence, commitment, dedication and zeal to put the vision into work. Vision gives the direction while drive brings vision into reality (Wheelen and Hunger, 2008). Without vision organization would be like a rudderless ship which will eventually go off course or even capsize. Vision is important both from the predecessors and successors in family business. It means the mental image of what the business will be in terms of service, growth and orientation that is an imaginative contemplation of what the business will be like. Vision is an intangible asset for any business. Any business without dreams and aspiration will not last. Great enterprises have men of vision who can turn around any business to growth and profitability (Thompson and Strickland, 2010). So vision is also the ability to perceive something, not actually visible, as though mental acuteness or keen insight. For any vision to be workable and effective, it must be understandable (Agu, 2013). The business owner knows when the ovation is the loudest to hand over to a successor. He does not need to wait until he is forced out by his children, weakness, old age and death. This is because the children or the successor might lose interest before nature forces their father or their predecessor out.

Open mind/ Honesty

Having open mind allow the successor of family business to accommodate all shades of opinions (Chikwendu, 2011). Once a successor is appointed it behooves on him or her to market him or herself to other members of the family by giving a listening ear to both family members and the employees of the business. He must show affection. People who cannot conquer the need for affection can never build strong productive employees. Consequently, their teams remain weak. A strong business cannot be built on weak individuals (Abiaziem, 2014). The test of a manager is not what he can do rather it is what his people can do without him. The manager must allow each individual some fundamental responsibility for his or her own action.

Productivity increases as managers increasingly understand the human factor and effectively deal with attitudes, fears, motivational blocks, and the phantoms that lurk within the minds of people. Increased productivity is the direct result of thinking. This definition entails three important ideas – involvement, contribution and responsibility. In doing so, he is intentionally creating a participative environment where everyone is both sharing and learning (Templar, 2005).

Values and Standards

Values are the personal standards a business organization chooses to go along with. For example the business strives to be honest in all things (McEwan, 2001). And then would likely want to still that moral value on staff and family members. Values include ethical standards. For example persons with solid ethics is industrious, fair, and considerate if others – traits that best developed while a person is still young (De George, 1999). Predecessor and successor to family business set example by live up to what they teach.

As managers, they have the greatest influence on staff and their example is the greatest tool they have in controlling staff. This is because employees see it all the time (Cook, 2003). It is the lesson that is always being taught. It is very difficult to maintain organization's values and standards in a family business in order to ensure discipline and consistency in application of stated rules. This is because family members are ever ready to flout the rules without attracting any sanction (Allen, 2001). All family members involved in the business do not understand that their rights and responsibilities are different at home and at work While, family relationships and goals take precedence over the business, everyone in every function must become fully involved and committed members by upholding the values and standard of the business (key,2003). Every business that is worth anything today derived it from the efforts, knowledge and ingenuity of its employees used for comparative purpose as well as for assessments within various contexts i.e. providing evidence whether certain behavior conform to laid down standards. (Lueger and Veltori 2007).

Patience

No matter the initial hiccups in the family business succession, the successor must exercise patience and exhibit maturity as events unfold (Jackson and Spain,2006). He must remain calm without losing his temper. Patience is a quality of character that is not easily angered. It is an admirable quality of life that few people seem to possess. This rare attribute is very necessary in the building of relationship (Agu, 2013). It is an expression of maturity and stable character which can on its own draw men to who is so blessed. This is because it is the ability to absorb strain and stress without complain (Murton, Inman and OSullivan, 2010). A patient person is never disturbed by disappointments, delays, or even failures. The patient man or woman can face trials of life without anxiety and strain. Any person who is not patient can be hurried into uncertainties and other hazards that could have been avoided if one were to be patient. The impatient successor of family business can run into deals which may be regretted later. The virtue, patience makes family business successor listen to ideas from others. If owner of business thinks they know it all, chances are they will be too busy listening to themselves and how great they are to have time to listen to anyone else. They are the ones in the know who have to work with the resources and the products (Peeling, 2008).

Communication

Genuine communication takes place when predecessor, his successor and other family members and staff share a two-way exchange of thoughts and feelings. Communication is vital to the success of family business (Akpala, 1991; Lucas et al., 2007). What provoke animosity and rancor more in family business is not so much what the owner or the successor does but what they say and how they say it. Communication inspires, motivates and arouses spirit of recognition, respect, concern etc., among organizational members (Jones and George, 2007). But miss-communication results in misunderstanding, jealousy and friction among organizational members. These are sources of unnecessary costs. Faulty communication is not only expensive and time consuming, but also more importantly, a major source of poor actions and wrong decisions and also poor value (Gallway and Thacker, 2007). However, communication in business is of conveying in writing, speech or signals. It enables the exchange of ideas and opinions to take place. And without exchange of ideas and opinions, business cannot take place (Argent, 2007). Communication within organization members must extend to sharing, in the joys of others as well as sharing in their distress (Grunig and Grunig, 2007). It is through information exchange that manager becomes aware of the needs of customers, the availability of suppliers, the regulation of government and the concern of the community (Weihrich, Cannice and Koontz, 2010). Communication is quite okay but people concern must be given the right of expression or reply if they wish. If they have no means of airing their problem, resentments built up, feelings are bottled up, and all that stuff is known isn't healthy (Templar, 2008).

Personality

Individual differ from one another (Kirton and Green, 2000; Kandola and Fullerton, 1994). They can have the same biological parents, grow as in the same family, go to the same school, take the same holidays, but they are completely different people (Clements and Jones, 2002) that have implications for the way they should be treated. With, out respect, conversation between spouses will become laced with criticism, sarcasm, even contempt qualities that are said to easy prediction of conflict (Eysenck, 1960). Arrogance and lack of respect etc are qualities and characteristics that lead to poor performance or outright failure of family business succession. Individuals have different abilities, personalities, learning experiences and attitudes. It is not surprising that they perceive work in different ways. Differences between individuals can be source of developing creativity or the root of conflict and frustration (Fumham, 1992). Indeed, they often serve as only and best guide to family business owner or successor. They need to know themselves and understand their own uniqueness and the impact their personality has on others (Erikson,1980). This also include being sensitive to employees and family member's needs. Making side remarks, innuendos or jokes about your staff only, crushes their confidence, destroy their trust and damage their moral (Hunt, 1992).

Impact of Retirement of the Founder of Family Business on Succession

Negative Impact

Conflict:

Family business succession has been a source of family and organizational conflict. It might be expected that an unhealthy organizational climate would be reflected by complete disharmony in working relationships, disloyalty and common un-commitment to the goals and objectives of the organization. Conflict is based on the incompatibility of goals and arises from opposing behaviors (Mullins, 2007). It can be viewed at the individual, group or organization level. And this emanates as a result of organization misbehavior i.e. anything that is done at work which is not supposed to be done. It is working outside the boundaries of acceptable behavior by the successor of family business. Conflict in organization can have very upsetting, or even tragic, consequences for employed and family members. It can also give rise to excessive emotional or physical stress. Conflict can occur in any situation in which two or more parties feel themselves in opposition. In this case all the family members see themselves in opposition as they struggle among themselves for dominance. As quarrels become the order of the day, every organization and family members distrust one another resulting in organization disharmony (Newstrom, 2015).

Mismanagement:

Mismanagement refers to organizational process in which there is no proper planning, organizing, coordinating, directing and controlling. The successor to family business may not have endowed with managerial skill like his predecessor most especially interpersonal skill. Management of course is tough and demand job. According to Kreitner (2009:16) management is not for everyone – it is not for the timid, the egomaniacal or the lazy. Management requires clear-headed individuals who can envision something better and turn it into reality by working with and through others. Thus manager must establish an environment in which people can accomplish group goals with the least amount of time, money, materials and personal dissatisfaction or in which they can achieve as much as possible of a desired goal with available resources. (Weihrich et al, 2010). It also promotes unnecessary use of any resources and disallows continuous and continual improvement (Koontz and O'Donnel, 1976).

Outright Closure:

When the situation in organization is such that conflict, mismanagement etc have become uncontrollable it may lead to closure of the business. Prolonged conflict and mismanagement affect the performance of the business and invariably result low productivity and poor satisfaction of their customers. For a business to survive it must not only just acquiring customers, but also keep and grow them as well. The only value a company will ever create is the value that comes from customers. Customer relationship management takes a long-term view. Business wants not only to create profitable customer lifetime values (Kutlar and Wong, 2010). But this is only possible if the business is stable. And can allow for proper planning in order to take advantage of their competencies. Business must have internal peace to make meaningful progress in its operation. This creates a situation where every aspect of the business works in harmony with one another to achieve objectives. But with conflict, and mismanagement business life is cut short leading to business closure.

Positive Effects:

It could lead to injection of new ideas:

Family business succession may be a source of injecting new ideas in the business. This will create a good atmosphere. It is not only easy but also essential. And this will show in the work of employees, the way they handle customers and colleagues, the way they relate to each other and most importantly the way they work with managers and employees. If a manager cannot give them these things, he should not be a manager. It remains the responsibility to be cheering, considerate, polite and helpful. On the other hand, if employees come to work looking to enjoy their selves, looking to be challenged, inspired and to get involved, then manager or the successor is in with a big chance of getting the very best out of employees. A good starting point is for the successor to be as open and honest as possible (Peeling, 2008). Ideas are free, but key to success (Iyer, 2009).

It Projects Family Name:

Family business succession boosts the reputation of owner's family. Ownership of business projects the name of the family. Everybody that comes in contact with the goods or services rendered by the business admires them reverence the family. The name of the owner's family becomes popular and they are highly respected. Family that has achieved success is known all over the world. They are employers of labor. Owners need staff, and individuals generally need work and both have an interest in an organization being successful. Generally employment is part of social responsibility and boosts the reputation of the business owner. And this explains why some organizations are more successful than others. Names of owners of businesses commands respects among their peers. It is a thing of prestige to own a flourishing business.

Increasing the wellbeing of the Nation:

During the time of industrial revolution most industries that were formed were owned by various families. The entrepreneurial spirit that followed was carried out by families who initiated various forms of businesses. And this stimulated economic activities in various countries in the world. The levels of entrepreneurial activities determine the level of economic activities and improve both social and economic wellbeing of the citizenry. This is because economic activities create employment within the system. Continuous survival of family business invariably means economic prosperity of a country.

Research Design and Methodology

The study was a survey research and the instrument used for data collection was questionnaire structured in line with 5 points likert scale. A sample size of 553 was used. The respondents are owners and employees of family businesses. The completed questionnaire was collected, coded and subsequently analyzed using ANOVA.

Table 1: **Challenges Facing Family Business Succession**

S/No	Description	SA	A	D	SD	UD
1	Inheritance system hinders family business succession	840	1204	171	54	0

2	Prevalence of polygamy stands as a hindrance to family business successful succession	245	1664	123	90	2
3	Pride of ownership has be mentioned as one of the sources of hindrance to family business successful succession	895	1084	186	82	0
4	Attitude of family members hinder successful family business succession	1445	548	63	94	1
5	Lack of mentoring and coaching hinders successful family business transition	885	1044	345	0	0
6	Family business succession is hindered by lack of proper laid down succession plan	320	1732	117	34	0
7	children not having interest in family business affects family business succession	910	940	33	44	3

Analysis of Variance (ANOVA)

Hypothesis

H_0: There are no factors that significantly hinder successful family business succession.

H_1: There are factors that significantly hinder successful family business succession.

Decision Rule: We shall reject the null hypothesis if the p-value is less than the alpha (0.05).

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Factor	4	7604900	1901225	27.45	0.00
Error	30	2077746	69258		
Total	34	9682646			

Figure 2: ANOVA

Conclusion

Since the p-value (0.00) is less than the alpha (0.05), we reject the null hypothesis and conclude that there are significant challenges facing family business succession. Traditional inheritance system confers on the first son of the family the right to take charge of family business at the death of their family. Other challenges like polygamy, pride of ownership, attitude other family members , lack of mentoring or coaching, lack of proper laid down plan of succession and the children of the founder of family business not having interest in their parents business.

Table 3: Qualities that Lead to Successful Family Business Succession

S/No	**Description**	**SA**	**A**	**D**	**SD**	**UD**
1	Vision and drive is an individual quality that can lead to successful family business succession	2030	480	60	14	0
2	Values and standards is quality that enhance successful family business succession	430	1248	219	160	2
3	Openness lead to successful family	1485	684	186	46	0

	business succession					
4	Patience is a value that help in successful family business succession	930	636	243	242	6
5	Communication ability assists in successful family business succession	880	952	267	100	0
6	Cognisance of individual personality leads to successful family business succession	890	1328	129	0	0

Analysis of Variance (ANOVA)

Hypothesis

H_0: Individual qualities do not significantly lead to successful family succession.

H_1: Individual qualities significantly lead to successful family business succession.

Decision Rule: We shall reject the null hypothesis if the p-value is less than the alpha (0.05).

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Factor	4	6138369	1534592	17.01	0.00
Error	25	2255832	90233		
Total	29	8394201			

Figure 3: ANOVA

Conclusion

Since the p-value (0.00) is less than the alpha (0.05), we reject the null hypothesis and conclude that individual qualities significantly lead to family succession. The statistics show the influence of individual qualities on successful family business succession. Vision and drive, values and standards, openness, patience, etc. have significant influence on the family business succession. However they affect family businesses differently.

Table 5: **The Impact of Succession on Family Business Survival**

S/No	Description	SA	A	D	SD	UD
1	Family business succession leads to conflict	735	1364	171	16	0
2	Mismanagement often result as a result of family business succession	435	1708	111	0	2
3	Family business succession results to closure of the family business	985	1156	138	42	0
4	Family business succession leads to injection of new idea	685	1464	108	20	4
5	Family business succession leads to projecting of the family name	690	668	399	218	6
6	Family business succession result to general economic wellbeing of the nation	810	1508	42	0	0

Analysis of Variance (ANOVA)

Hypothesis

H_0: Family business succession does not significantly impact the survival of business.
H_1: Family business succession significantly impacts the survival of business.

Decision Rule: We shall reject the null hypothesis if the p-value is less than the alpha (0.05)

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Factor	4	7566450	1891612	50.63	0.00
Error	25	934058	37362		
Total	29	8500507			

Figure 4: ANOVA

Conclusion

Since the p-value (0.00) is less than the alpha (0.05), we reject the null hypothesis and conclude that family business succession significantly impacts the survival of business.

Conclusion

Traditional inheritance system is a challenge to family business succession. Polygamy is a major source of struggle for dominance in family business. Vision and drive is an individual quality that helps family business succession. Openness and honesty help in accommodating other shades of opinion. Conflict often results as a result of the incapacitation of founder of family business and may result to outright closure of family business. However where succession is properly planned will impact both positively and negatively on the Family business and on the general economic wellbeing of the country. However, despite the importance of family-owned business in modern economies, they are consistently enmeshed in conflict. These contending issues are built around leadership, succession, sustainability, relationship among family members, etc. Succession in a business is not a simple issue and can occur for any number of reasons ranging from, retirement, death, incapacitation etc.

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