

SUCCESSION PLANNING AND FAMILY-OWNED BUSINESS: AN ASSESSMENT OF IMPACT ON SELECTED FAMILY-OWNED BUSINESS

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¹AKINDELE Iyiola PhD

Department of Public Administration, Faculty of Management Sciences, University of Ilorin, Nigeria

wuratomi@yahoo.com

akindele.it@unilorin.edu.ng

²DUNMADE Emmanuel Olaniyi, PhD

Industrial Relations & Personnel Management, Faculty of Management Sciences,
University of Ilorin.

Email: dunmade.eo@unilorin.edu.ng

³OLUSESI, Lateef Damilare

PG School, Department of Employment Relations and Human Resource Management, Faculty of
Management Science, University of Lagos, Lagos, Nigeria

Olusesidamilare2016@yahoo.com

Abstract

This paper is succession planning and family-owned business: an assessment of impact on selected family-owned businesses. Furthermore, the study assesses the relationship between mentoring and sustainability of selected family-owned business in Ibadan. It also evaluates the differences between roles modeling on survival of family-owned business in Ibadan, and finally to find out the differences between training and development on growth of family-owned business in Ibadan. The study employed survey research design. The population for this study consists of all staff of selected family-owned business in Ibadan. The total number of 140 family business owners/founders was calculated using Taro Yamane's formula, thus a target population of 215 family business owners/founders. The findings of the research showed that mentoring leads to increase in sustainability of selected family-owned business in Ibadan ($\beta = 0.140$ $P = \leq 0.05$). Also, the value of coefficient ($\beta = 0.868$ $P = \leq 0.05$) is significant and positive, showing that direct and indirect family leads to survival of family-owned business in Ibadan, Oyo State, Nigeria. Finally Training and development were significantly and positively related to growth of family-owned business [$r(140) = .636^{**}$, $p < 0.01$]. Thus, it was found out that training and development has a positive and statistically significant influence on growth of family-owned business. The study concluded that family-owned wealth management and financial planning businesses have a compelling need for a succession plan. It was recommended that Managers and leaders might use the findings of this study to recognize the importance of succession planning and document future succession plans in a more organized approach and by developing a road map to clarify positions.

Keywords: Succession Planning, Family-Owned Business, Financial Planning and Mentoring

Introduction

In free market economies like Nigeria and other developed and developing nations, the contribution of private individuals and businesses is invaluable. They contribute immensely to the Gross Domestic Product (GDP) of nations and generate millions of jobs for the unemployed. Whatley (2011) state that Family-owned Business (FOB) employed a significant number of workers and are

major contributors to the United States' economy as well as many other countries' economies. In virtually every country of the world, private indigenous enterprises are seen as an engine of growth and are among the most important contributors to wealth and employment creation (Sharma, 2004; Ward, 2004).

According to Oyeyinka (2010), private indigenous firms employ more than half of the private sector employment in Nigeria. FOBs have a place in history because they have been around for a long time and are considered the oldest kind of commerce. According to De Alwis (2010), FOBs are the world's oldest and most common type of business organization. Despite being the oldest and contributing significantly to the economy, their survival rate appears to be awful, with only a few of them surviving more than one generation. Despite the importance of FOBs to the national economy, according to Ogundele (2012), their survival rate beyond the founder's generation is exceedingly low, particularly in Nigeria.

To put it another way, according to Burns (2014), only roughly 30% of family-owned businesses will survive the transfer from the first to the second generation, only 12% will survive the transition to the third generation, and just 3% will survive the transition to the fourth generation. Only around a third of family businesses survive to the second generation, and only about a quarter of them survive to the third (Beckhard & Dyer, 1983; Ogundele et al, 2012). According to Ogundele (2012), the trend of firm shutdown is considerably more frequent in Nigeria. He claims that the situation is even worse in Nigeria, where several promising and lively FOBs have closed down following the death of their founder.

The death of FOBs all over the world has been linked to a variety of issues. A lot of causes contribute to this, including a lack of planning, a failure to keep up with economic developments, a lack of funding, and irresponsible expenditure. However, the absence or lack of succession planning in these businesses is more significant. According to Ogundele (2012), many FOBs close due to a lack of proper succession planning.

According to Onuoha (2013), a popular real estate business in Aba faded out almost immediately when the founder died in 2005, with no replacement owner or manager. Since the owner-manager died in 2009, the enormous compound of a known transporter in Port Harcourt has remained empty; once again, no successor management or owner has been found. This is true in many sections of Ibadan, where businesses have been forced to close due to the death of the owner/founder. All of this points to the need of succession planning for FOB survival and long-term viability. Whether in Nigeria or elsewhere in the world, management and ownership succession remain a core emphasis around which all other business activities revolve (Onuoha, 2013). In small to medium-sized family-owned firms, succession planning is an important issue that should not be disregarded as part of the business process (Burns, 2014).

One of the most essential factors in guaranteeing the long-term viability of FOBs has been identified as succession. According to Brockhouse (2004), researchers have long emphasized the necessity of succession planning in guaranteeing a company's continuity and growth. It is an essential tool for

organizational development, long-term stability, survival, and nourishment (Nwadukwe, 2013). It is vital for any family-owned firm to maintain its viability (Singhry, 2010). A well-thought-out succession plan ensures a smooth management and ownership transition (Chrisman, Sharma & Yoder, 2009). It is defined as a "systemic, long-term process of identifying organizational goals, needs, and roles, and preparing individuals or employee groups for tasks related to labor required inside an organization" (Luna, 2012). It refers to the procedures for filling key jobs in a company. Succession planning, according to Collins (2009), is a "process that can offer seamless leadership transition across the business." It consists of three steps: defining critical requirements, developing and evaluating candidates, and selecting those who will fill critical roles (Dessler, 2011). Because of the importance of succession planning in FOB survival, this study was required to investigate FOBs in Ibadan while following the state's and indigenes' entrepreneurial achievements.

The goal of this research is to look into the tactics employed by family business leaders to prepare future generations for succession planning in their companies. Furthermore, this research examines the relationship between mentoring and the long-term viability of a number of Ibadan-based family businesses. Also, to assess the impact of role modeling on the survival of family-owned businesses in Ibadan, and to determine the impact of training and development on the growth of family-owned businesses in Ibadan.

Statement of the Problem

The enormous number of FOBs in Ibadan that have either closed or stopped functioning efficiently after the owner/manager died due to a lack of apparent succession planning made this study necessary. Onuoha (2013) supports this claim by stating that in Nigeria, the lack of succession planning is a severe problem that threatens the sustainability of family-owned enterprises, as 94.2 percent of entrepreneurs lack a succession plan. The owners/managers appear sceptical about handing the firm to a relative who may or may not be able to manage it responsibly, or to children who either lack the interest or lack the necessary skill set and knowledge to do so. This highlights the apparent lack of mentoring in Ibadan's FOBs, which, if done well, may ensure the business's survival even after the owner/manager has passed away. Furthermore, the perspectives of registered/incorporated businesses on mentorship appear to differ from those of incorporated enterprises on similar topics.

The majority of Nigerian family-owned enterprises do not make it past the second generation, and only 3% of Nigerian family-owned firms make it past the third (Grassi & Giarmarco, 2008). A firm must have a succession plan in order to survive (Sabone & Nyakudya, 2015). The basic business challenge is that family-owned enterprises are at a significant risk of collapse if they do not plan for succession. The specific business issue is that some family-owned enterprises' executives have limited methods for preparing future generations to take over leadership roles. This necessitates empirical research to determine the genuine state of affairs, necessitating this study.

Furthermore, this research examines the relationship between mentoring and the long-term viability of a number of Ibadan-based family businesses. Also, to assess the impact of role modeling on the survival of family-owned businesses in Ibadan, and to determine the impact of training and development on the growth of family-owned businesses in Ibadan.

Literature Review and Theoretical framework

Succession Planning Process and Family-Owned Businesses

The actions connected to succession planning are part of the succession process, and because succession planning increases the likelihood of a successful succession, it is borne out of the family firm's intention to pursue succession (Sharma, Chrisman, Pablo, & Chua, 2001). While previous studies have either treated succession planning as a one-dimensional process or combined its dimensions into one overall measure, it is deemed appropriate to support Dyck, Mauws, Starke, and Mischke (2002)'s viewpoints by treating succession planning as a long-term process involving multiple activities and examining each activity independently. A family firm, according to Litz (1997), is a business in which the ownership and management are concentrated in a family unit, and individuals inside the firm want to maintain or expand the degree of family engagement.

As a result, if the succession process seeks feedback from family stakeholders and fosters a sense of ownership, the odds of a seamless and satisfactory succession are increased (Morris, Williams, Allen & Avila, 1997). The authors went on to say that developing a plan indicates that the succession process will take place in a systematic manner, allowing for planning before, during, and after the event. Continuity considerations are unavoidable in succession discussions if a business is to succeed. Many business researchers, on the other hand, concentrate on succession and ignore its implications for business continuity. Succession, on the other hand, is meaningless if the entity fails to meet the expectations of its stakeholders.

According to Esuh et al. (2011), business failures are a typical occurrence in family business succession studies. The failures, according to the authors, occurred because the topic of succession and how it affects family company continuity had not been addressed. While the authors agreed that continuity is important in succession planning and that it necessitates a process, they failed to include the process dimension in their model.

Successor and Family Member/Stakeholder Relationships

Maintaining company harmony and accomplishing a successful transition may need close family relationships (Bachkaniwala, 2001). They may even play a bigger impact in determining management make-up than skills or education (Francis, 1993). The desire to "keep the business in the family" has been identified as a fundamental motivator for family-run businesses around the world, according to Martin (2001). Janjuha-Jivraj and Woods (2002) discovered that non-business family members wielded significant influence during succession, particularly the successor's mother, who served as a "silent buffer" between generations. Janjuha-Jivraj and Woods (2002) discovered that increased communication across generations led in goal alignment between the predecessor and successor, as well as the successor's commitment to the long-term strategy.

Handler (1991) discovered that the level of mutual respect amongst existing next-generation family members was a critical element in succession. This was defined as the level of trust, support, communication, feedback, and mutual learning that existed between these persons. Handler claimed that the building of mutual respect and understanding was a gradual process that began at home

before the next-generation family member joined the family business. As the working relationship grows, mutual respect between the next-generation family member and the founder or owner can develop. Respect for each other should be an important aspect of this connection. For this to happen, next-generation family members must have enough faith in themselves to inspire others to believe in their abilities.

Next-generation family members are expected to prove themselves to other family members, particularly those who are the founders or owners, in order to win respect. Morris et al. (1996), based on a study of 102 family firms that had completed the succession process, found that relationships among family members were generally positive and tended to be based on trust, openness, respect, cooperation, and closeness during the process, supporting Handler's (1991) views.

Only when the successor has earned legitimacy and is universally acknowledged by the stakeholders is the succession process accomplished. The procedure will only be completed if the successor is capable of providing acceptable leadership inside the company. If the successor intends to take full control, he or she must gradually delegate authority to the successor. The lack of delegation not only stymies the successor's learning process, but it also undermines their credibility in the eyes of employees and other essential stakeholders (Fox et al., 1996).

Despite the fact that there is a paucity of study on Turkish management practices, observers and researchers tend to agree on certain aspects of Turkish management practices (Lauter, 1970).

The Succession Planning Process

By definition, succession plans have a recognizable collection of elements, all of which must occur prior to the actual succession event. Davis & Harveston (1998) recommended some of the aspects that would most commonly be included in such a plan in their groundbreaking study: (1) selecting a pool of prospective successors; (2) appointing a successor; and (3) alerting the successor-designate and other management leaders. The Christensen factors give a framework for understanding the tasks required for a comprehensive succession planning approach. When numerous possible successors are considered, for example, it may signal that a more thorough succession process is being carried out than when only one successor is evaluated (Vancil, 1987).

Concept of Family-Owned Business

With good reason, family business is a thriving topic of expanding interest today among research scholars, investors, legislators, and many others. According to recent research, family businesses outperform the competition. Whether evaluated by the bottom line, shareholder value creation, or job creation capacity, family businesses outperform their non-family rivals. The volatility caused by global hyper-competition has also raised understanding that speed, sustainability, adaptability, product and service quality, brand, customer relationship, employee care, and patient capital are all legitimate sources of competitive advantage. These benefits are frequently pursued through idiosyncratic business strategies created by family-owned businesses. Family businesses, to be sure, face significant hurdles, but they also frequently benefit from unique and dynamic family business interactions (Poza, 2010).

A thorough examination of the definitions used in research demonstrates that there is no clear distinction between a family business and a non-family firm, and that no single definition can adequately represent the differences between the two types of businesses. A family business is one that is owned and managed (i.e. controlled) by one or more members of the family (Handlers, 1989, Hollander & Elman, 1988). Davis and Tagiuri present a more thorough definition (1982). Family firms are defined as organizations in which two or more extended family members exert influence over the course of the business through kinship links, management responsibilities, or ownership rights.

Gallo (1944) argued that, in terms of problems, issues, and interests, every family in the world is substantially the same. A family business is one that grows out of the needs of the family, is based on the family's abilities, is led by the family's moral and spiritual values, is supported by family dedication, and is passed down to the family's sons and daughters as a legacy as valuable as the family's nature (Astrachan et al, 2005). Despite the fact that many tiny and small micro businesses are family-owned and controlled, there is evidence that family firms are also rapid growth firms, fast growth firms, and very large profitable firms. Businesses can be either privately or publicly owned.

Business organizations, on the other hand, are classified into three sorts based on their ownership: family-owned, broadly held, and state-owned (Cuervo, 2006). The operational definition that has developed over time is based on the family's engagement in the firm, namely ownership, management, and succession. The fact that an individual or a family is involved in the ownership, control, and management of a family-owned business distinguishes it. There is no separation of roles, and as a result, businesses are closely monitored and controlled by the family. Families own a big percentage of the company, giving them the power to oversee it. Furthermore, because families have a larger stake in the company, they are more motivated to exert control over management (Shleifer and Vishny, 1997). Family ownership also ensures corporate stability and long-term planning. Family business entrepreneurs are able to make decisions more swiftly and are more adaptable (James, 1999).

Empirical Review of Family-Owned Business

Osibanjo, Abiodun, and Obamiro (2011) proposed a conceptual framework for succession planning that included six variables (talent retention, turnover rate, career development, supervisor support, organizational conflicts, and nepotism) and explained how they interacted in terms of organizational survival. Three private tertiary institutions in Ogun State, Southwest Nigeria, made up the study's sample. Correlation and regression analysis were used to analyze the data gathered through the use of structured questionnaires. Organizational survival was found to be positively and strongly connected with talent retention, organizational conflict, and nepotism, according to the findings. Variables like turnover rate, career growth, and supervisor support, on the other hand, are unrelated to organizational sustainability. The study showed that unhealthy organizational conflicts between employees and employers have an impact on an organization's survival and growth.

Ofobruku and Nwakoby (2015) looked into the impact of mentorship on employee performance in a family construction business in Abuja. The research used a survey research design that combined

quantitative and qualitative methods. In Abuja, the population was the construction industry. The responses of 367 construction workers were studied. The data was evaluated using the statistical technique of Pearson correlation coefficient. The study's findings demonstrated that mentorship had a favorable impact on employee performance, with career support having a greater impact than psychosocial support. As a result, the study showed that employee performance is determined by the degree of mentorship program implemented in the firm. In terms of performance, employees respond better to career support. It was then suggested that in order for a family business to maintain better employee performance, the organization should be encouraged to have a mentorship program for its employees, which will result in greater employee performance and help the firm reach its goals.

Fatunmbi (2017) investigated CEO competency and the long-term viability of family-owned businesses in Nigeria's Lagos and Ogun states. The study of 1,806 family-owned firms registered in Lagos and Ogun states used a descriptive research design (NAMSE, 2012). 327 businesses from the two states were chosen using a stratified sample procedure. The major tool for data collecting was the questionnaire. With the help of SPSS software, data were analyzed using the Pearson's Correlation statistical technique. The study found that executive competency has a significant impact on the long-term viability of family-owned businesses ($r = 0.93$; $p0.01$), and it is therefore recommended that family members be willing to transition into new and different roles in order to gain a better understanding of business needs and be involved in corporate policy and planning, as well as have access to opportunities in the field. This will definitely assist in ensuring that a capable and high-performing employee, whether family or nonfamily, is chosen as the successor.

In Garissa County, Kenya, Chrono, Howett, and Njeje (2016) investigated the impact of mentorship practices on employee performance in small manufacturing enterprises. The study employed a cross-sectional survey approach, with all respondents being employees of small manufacturing enterprises. To collect data, copies of the questionnaire were distributed. To arrive at findings on the relationships between research variables, descriptive and inferential statistics were used. To test the hypotheses and build the model of interest, multiple regression analysis was utilized. The findings revealed a link between leadership mentorship, innovative mentorship, knowledge transfer mentorship, and talent development mentorship, as well as employee performance. The study's findings will make a significant contribution to bettering firm management through mentorship adoption techniques. Mentorship methods should be included as part of an organization's strategy to boost employee performance, according to the report.

Obadan and Ohioorenaya (2013) investigated the process of succession planning in small hotel businesses in Benin City, Edo State. A total of two hotels were visited. To obtain information from the CEOs and staff, questionnaires were used. The findings revealed that the two small businesses (Hotels) do not have a succession plan in place, and that successors' skill and competency are not taken into account in succession planning. Small businesses should develop a formal succession plan, communicate the identity of the successor, provide basic business management education, provide training/monitoring to the incumbent Chief Executive Officer (CEO), and all stakeholders should assist him in succession planning to ensure that owners are comfortable after disengagement, according to the study.

In Lagos State, Nigeria, Ogbechie and Anetor (2015) conducted a study on succession planning in family-owned enterprises. The study's demographic comprises all family-owned businesses in Lagos, Nigeria. The study used a purposive selection strategy to choose 80 participants (family business owners/founders) from the public. Data was collected via a questionnaire, and responses were analyzed using descriptive statistics and factor analysis with the use of the Statistical Package for Social Sciences (SPSS).

Despite the fact that most family businesses do not have a succession plan, the findings suggest that it is not the most important factor contributing to the difficulty of succession. They discovered that the problem of inadequate succession in family-owned enterprises in Nigeria was caused by various factors (cultural characteristics such as extended family systems, inheritance tradition (such as preference for sons, marriage), and education.

Nkam, Sena, and Ndamsa (2017) conducted a study in Cameroon's Northwest and Southwest Regions to identify the factors that influence the sustainability of family-owned businesses and to offer ways to both the state and family business owners to address the problem. Purposive sampling was employed to create a survey-based strategy. A questionnaire and interviews were used to research thirty family companies. The data was examined using SPSS 17 software tools, and both quantitative and qualitative research methodologies were applied. The sampled opinions of the respondents were summarized using descriptive statistics. The findings revealed that most family business founders do not always consider sustainability before passing away, and so do not plan for succession.

Emerole (2015) investigated the factors that affect family-owned companies in Nigeria's Abia state. It used a random sampling technique to choose the location and used 100 respondents to collect data and information using a well-structured and pretested questionnaire. Multiple regressions models and the Pearson's correlation coefficient were employed in the data analysis. Age, education, line of business, years of experience, household size, and annual income of respondents were all significant at the 1-percent level in the examination of factors affecting the performance of family-owned businesses. The R^2 (coefficient of determination), which reveals how the independent variables explain for the entire variation of the dependent variables, was 0.723. (i.e 72.3 percent).

The model's F-statistic value (20.028) was also significant at 1%, indicating that it was acceptable. At the 1% (highest) level of significance, Pearson's correlation demonstrated that there is a strong positive association between annual income of family business operators and the profitability of the family-owned venture. The study concluded that effective policies and programs are needed to support the development and sustainability of family-owned businesses, whose long-term viability is dependent on adequate knowledge of the characteristics and constraints of family business operators, which the government should implement.

Theoretical Framework

Suitable for this study among others is; the survival- based theory and the profit-maximization theory

The Survival-Based Theory

This theory, like the one before it, was first proposed in the subject of economics. Researchers like Schumpeter (1934), Alchian (1950), Harrod (1939), and Marshall (1949) were among the first to incorporate evolutionary thinking and natural selection into economic theory. As a result, it should come as no surprise that the most prominent application of the survival of the fittest theory is found in economics, where it is primarily utilized to study how organizations thrive and compete in industries, as well as to explain economic trends (Nelson & Winter, 1982). Herbert Spencer was the first to propose the concept of survival-based theory, also known as "survival of the fittest" (Miesing & Preble, 1985). He was the one who came up with the idea of Social Darwinism by combining Darwin's theories of evolution and natural selection with Adam Smith's invisible hands. This theory, which was prominent in the late 19th and early 20th centuries, highlighted the idea that by following the principle of nature, only the greatest and fittest competitors would win, resulting in the overall improvement of the social group. According to Social Darwinism, it is natural for competitors to act hedonistically in order to give the fittest business, which has survived and prospered by effectively adapting to its environment or becoming the most efficient and economic producer of all. As a result, unprincipled politics and brutal corporate rivalry are permissible under this notion.

Investment Theory

The neoclassical theory of investment is based on the optimum accumulation of capital. We will not attempt to summarize the theory due to its length and complexity. Instead, we'll focus on its key findings and policy ramifications. The desirable capital stock is determined by output and the price of capital services compared to output. A capital service's price is influenced by capital goods, interest rates, and the taxation of corporate income. As a result, changes in output or capital service prices affect the desired capital stock, and so investment. Like the accelerator theory, production determines desired capital stock. Increasing government purchases or lowering personal income tax rates promote investment by increasing aggregate demand and thereby output. Like the internal fund's theory, the taxation of corporate income is critical. However, according to neoclassical theory, business taxes affect the pricing of capital services, not the availability of internal funds. Changing the tax treatment of business income affects the desired capital stock and thus investment. Unlike the accelerator and internal funds theories, the interest rate is a determinant. Thus, monetary policy can affect desirable capital stock and investment by changing the interest rate. Not so with the accelerator and internal funds hypotheses.

The internal funds theory predicts that initiatives that directly boost profits will be the most effective. Reduced corporate tax rates, faster depreciation of plant and equipment, and investment tax credits are some of the ideas being considered. Increasing government purchases or lowering personal income tax rates will not directly affect profitability, and thus investment. Profits rise when government purchases or tax cuts enhance output. As a result, indirect effects on investment. Investing policies based on the internal funds hypothesis will be ineffective under the accelerator theory. For example, lowering the corporate tax rate will have little or no effect on investment since output, not internal finances, drives investment.

The Profit-Maximization Theory

Profit maximization theory or Neo-Classical economic theory of the company may be traced back to Adam Smith's writing in *The Wealth of Nations* (Lynch, 2000). Adam Smith claimed that every business person with their own company would behave in self-interest to maximize profit, therefore increasing the overall benefit of society. Alfred Mashall paid close attention to this notion in his 1890 book *Principles of Economics* (Hornby, 1995). Robinson (1933), Chamberlain (1933), and Coase (1933) all made important contributions to the theory (1937). The theory is still based on the economic perspective, with the primary premise that corporations attempt to maximize profit by equal marginal revenues and costs.

In the 1950s and 1960s, writers like Igor Ansoff, Alfred Chandler, and Alfred Sloan brought this theory to the strategic management field's attention (Lynch, 2000). Ansoff (1989) claimed that "...a corporation seeks its aims through profit, specifically by converting its resources into goods and/or services and then selling them to customers... So long as revenues are not made and used to generate future profits and replace resources, the firm will eventually fail.

In the 1960s, Friedman's book (1962) brought this theory back into the spotlight, kicking off extensive discussions on corporate social responsibility. In a free-enterprise, private-property system, a corporate executive is an employee of the firm owners. He is accountable to his employers. That responsibility is to run the firm in accordance with their wishes, which is to make as much money as possible while adhering to the basic principles of society, both legal and ethical. Profit maximization could only be the ultimate goal if the law and ethical custom allow it.

Rules and regulations have evolved substantially in recent decades. For example, in the United States, corporate directors and executives have a fiduciary duty to maximize long-term stakeholder value (Hanks, 1996). In some instances, such as a change of control, the Court allows corporate directors to consider other stakeholders (such as suppliers, customers, etc.) in making decisions (Oswald, 1998). Thus, profit maximization theory is no longer short-termist and absolute (pure form). The Stakeholders Theory of the Business, developed initially by Freeman, led to a paradigm shift in this profit maximization theory of the firm (1984). Initially, opponents came from corporate responsibility (Cragg, 2002; Lantos, 2001), but later from strategic management (Goldenberg, 2000) and even corporate turnaround (Champlin, 1998). Though criticised, this hypothesis nevertheless holds true today, especially in large businesses. Microsoft was accused of seeking to monopolize the market to maximize long-term profits (Shazly& Butts, 2002). Hornby (1995) discovered that profit maximization was still the top priority for top Scottish enterprises in both boom-and-bust periods. British Airways was accused of cutting costs drastically to maximize profit at the expense of employee health and safety (Boyd, 2001). However, the literature on small business did not support this notion (Greenbank, 2001).

Methodology

This study employed descriptive survey research design. The population for this study consists of all staff of selected family-owned business in Ibadan. The information gathered from staff list by each manager of the businesses, the total number of 140 staff were calculated using Taro Yamane's

formula, thus a target population of 215 staff.

The formula gave the sample size of 140 employees which were selected using simple random sampling techniques.

$$n = \frac{N}{1+N(e)^2}$$

Where:

N = population size

n = sample size required

e = allowable error (5%)

Based on the formula above,

$$n = \frac{215}{1+(215(0.05)^2)}$$

$$n = 140$$

Based on Yamane formula, 140 samples will be selected randomly.

A primary data questionnaire was developed by the researcher to elicit information from the company's staffs on the objective of this study to assess the influence of succession planning on family-owned business. The questionnaire will be divided into three sections (section A to C). Section A deals with information regarding employee's bio data while section B to C consists of operational items relating to the study. Therefore, descriptive statistics such as frequencies, percentages were used to summarize the data, while inferential statistics of correlation and regression were used to analyze the hypotheses formulated at 0.5

Model Specification

The following models were specified in accordance with the objectives and formulated hypothesis in order to guide and capture the effect of independent variable on dependent variable on this study:

Ho₁, Ho₂, and Ho₃ will be analyzed using the following model below:

$$Y = \beta_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 \dots \beta_n\chi_n$$

H₀₁: There is a significant positive relationship between mentoring and sustainability of selected family-owned business in Ibadan.

$$Y = \beta_0 + \beta_1M + \beta_2S + \beta_3FOB$$

Where:

Y = Family-Owned Business (dependent variable)

$\beta_1, \dots, \beta_3 = \text{coefficient}$

$\beta_0 = \text{Intercept/Constant}$, β_1 , β_2 and β_3 are slope/coefficient,

M = Mentoring

S = Sustainability

The Apriority signs are: β_1 , β_2 , β_3 , >0

$\varepsilon = \text{Error Term}$.

H₀₂: There is a difference between role modeling on survival of family-owned business in Ibadan?

$Y = \beta_0 + \beta_1 \text{RM} + \beta_2 \text{FOB}$

Where:

Y = Family-Owned Business (dependent variable)

$\beta_1, \dots, \beta_2 = \text{coefficient}$

$\beta_0 = \text{Intercept/Constant}$, β_1 and β_2 are slope/coefficient,

SP = Role Modeling

The Apriority signs are: β_1 , β_2 , >0

$\varepsilon = \text{Error Term}$

H₀₃: There is a difference between training and development on growth of family-owned business in Ibadan.

$Y = \beta_0 + \beta_1 \text{TD} + \beta_2 \text{GFOB}$

Where:

Y = Training and Development (dependent variable)

$\beta_1, \dots, \beta_2 = \text{coefficient}$

$\beta_0 = \text{Intercept/Constant}$, β_1 , β_2 are slope/coefficient,

DB = Growth of Family-Owned Business

The Apriority signs are: β_1 , β_2 , >0

$\varepsilon = \text{Error Term}$

Testing of Hypotheses

Three hypotheses were tested, and the results are as indicated below

H₀₁: There is a significant positive relationship between mentoring and sustainability of selected family-owned business in Ibadan.

Table 1: Results of Linear Regression Analysis

Model	R	R Square	Adjusted R Square	F	Sig (P≤0.05)	Standardized Coefficients (β)	T	Sig (P≤0.05)
1	.731 ^a	.534	.530	156.832	.000 ^b	.140	12.523	.000

P = ≤0.05

The value of R square shows that 53.4% of the variation in the dependent variable (mentoring) is explained by the independent variable (family-owned business). The model is highly significant at (F=156.832, $p=.000$) which shows that it can be used to predict the outcome variable. The value of coefficient ($\beta = 0.140$) is significant and positive, showing that mentoring leads to increase in sustainability of selected family-owned business in Ibadan. Hence on the basis of the aforementioned findings, H₁ was rejected, and it was concluded that mentoring has positive effect on sustainability of selected family-owned business in Ibadan, Oyo State, Nigeria.

H₀₂: There is a difference between role modeling on survival of family-owned business in Ibadan?

Table 2: Results of Linear Regression Analysis

Model	R	R Square	Adjusted R Square	F	Sig (P≤0.05)	Standardized Coefficients (β)	T	Sig (P≤0.05)
1	.868 ^a	.753	.753	417.091	.000 ^b	.081	20.423	.000

P = ≤0.05

The value of R square shows that 75.3% of the variation in the dependent variable (direct and indirect) is explained by the independent variable (survival of family-owned business). The model is highly significant at (F=417.091, $p=.000$) which shows that it can be used to predict the outcome variable. The value of coefficient ($\beta = 0.868$) is significant and positive, showing that direct and indirect leads to survival of family-owned business. Hence on the basis of the aforementioned findings, H₂ was rejected, and it was concluded that direct and indirect have positive effect on survival of family-owned business in Ibadan, Oyo State, Nigeria.

H₀₃: There is a difference between training and development on growth of family-owned business in Ibadan.

Table 3: Summary Table of Pearson, r Correlation showing the relationship between training and development on growth of family-owned business.

		training and development	growth of family-owned business
training and development	Pearson Correlation	1	.636**
	Sig. (2-tailed)		.000
	N	140	139
growth of family-owned business	Pearson Correlation	.636**	1
	Sig. (2-tailed)	.000	
	N	139	139

**. Correlation is significant at the 0.01 level (2-tailed).

The result in table above revealed that training and development was significantly and positively related to growth of family-owned business [$r(140) = .636^{**}$, $p < 0.01$]. Therefore, hypothesis three was not supported by the result of the study, and it is subsequently rejected. Thus, it is concluded that training and development has a positive and statistically significant influence on growth of family-owned business in Ibadan, Oyo State, Nigeria. Also, the management need to focus on the growth of family-owned business through succession planning in Ibadan, Oyo State, Nigeria.

Discussion

Hypothesis 1 stated that there is a significant positive relationship between mentoring and sustainability of selected family-owned business in Ibadan. The value of R square shows that 53.4% of the variation in the dependent variable (mentoring) is explained by the independent variable (family-owned business). The model is highly significant at ($F=156.832$, $p=.000$) which shows that it can be used to predict the outcome variable. The value of coefficient ($\beta = 0.140$) is significant and positive, showing that mentoring leads to increase in sustainability of selected family-owned business in Ibadan. The study revealed that Mentoring has positive significant on sustainability of family-owned business in Ibadan, Oyo State.

This study correlate with the finds of Ofobruku and Nwakoby (2015) investigated the effects of mentoring on employee performance in family business in the construction industry in Abuja. The study employed a survey research design using both quantitative and qualitative approaches. The population was the construction industry in Abuja. The findings of the study revealed that mentoring had positive effects on employee performance; career support had more positive effect on employee performance than psychosocial support. The study, therefore, concluded that performance among employees is based on the degree of mentorship program put in place in the organization.

Hypothesis 2 stated that there is a difference between role modeling on survival of family-owned business in Ibadan. The value of R square shows that 75.3% of the variation in the dependent

variable (direct and indirect) is explained by the independent variable (survival of family-owned business). The model is highly significant at ($F=417.091$, $p=.000$) which shows that it can be used to predict the outcome variable. The value of coefficient ($\beta = 0.868$) is significant and positive, showing that direct and indirect leads to survival of family-owned business. Hence on the basis of the aforementioned findings, H_2 was rejected, and it was concluded that direct and indirect have positive effect on survival of family-owned business in Ibadan, Oyo State, Nigeria. The study revealed that Role modeling have positive significant on survival of family-owned business in Ibadan Oyo State.

In family firms, however, maintaining good family relationships is also extremely important. At times, family members may give this goal a higher priority than profitability (Tagiuri & Davis, 1992). Therefore, understanding the factors that influence satisfaction with the succession process, from the perspective of family member stakeholders, is vital because a lack of satisfaction with the process may adversely influence family relationships.

Hypothesis 3 stated that there is a difference between training and development on growth of family-owned business in Ibadan. Training and development were significantly and positively related to growth of family-owned business [$r(140) = .636^{**}$, $p < 0.01$]. Therefore, hypothesis three was not supported by the result of the study, and it is subsequently rejected. Thus, it is concluded that training and development has a positive and statistically significant influence on growth of family-owned business in Ibadan, Oyo State, Nigeria. Also, the management need to focus on the growth of family-owned business through succession planning in Ibadan, Oyo State, Nigeria.

The study revealed that Training and development has a positive and statistically significant influence the growth of family-owned business in Ibadan. Mutual respect between the next-generation family member and the founder or owner can build over time as the working relationship progresses. An essential characteristic of this relationship is that the respect should be mutual. For this to happen, the next-generation family members must have sufficient confidence in themselves, which enables others to gain trust in their ability. To earn respect, the next-generation family members are expected to prove themselves to other family members, particularly those that are the founders or owners. In support of Handler's (1991) views, Morris et al. (1996) from a study of 102 family firms that had completed the succession process, found that during the process relationships among family members were generally positive, and tended to be based on trust, openness, respect, cooperation and closeness.

Conclusion and Recommendation

A succession plan is critical for family-owned wealth management and financial planning organizations, according to the report. Managers and leaders should use the findings of this study to realize the importance of succession planning, document future succession plans in a more organized manner, and build a road map to explain positions, according to the authors. Finally, effective policies and programs to support the development and sustainability of family-owned businesses are required, with adequate knowledge of the characteristics and constraints of family business operators being critical. These policies and programs should be implemented by the government.

Suggestion for further study

Researchers should raise the sample size in future studies to increase the likelihood of the results being transferrable to a larger population. Future research should concentrate on particular topics and components that leaders should consider when developing a succession plan.

Contribution to knowledge

The findings of this study are crucial in that they illustrate how a company may operate efficiently and successfully, as well as how family-owned businesses can be used to improve succession planning. The findings of this study in chapter two help to illustrate the anticipated obstacles that an organization would experience when adopting succession planning, as well as the barriers to its use and benefits. In terms of academics, the findings of this study have served as a model for future scientific research in management science and associated subjects. As a result, you will be adding to the body of information and pique the interest of more researchers in this subject.

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